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ASEAN COUNTRIES RETHINKING THE NEED FOR MUTUAL SECURITY

Kuala Lumpur BUSINESS TIMES in English 12 May 79 p 6

[Article by Alan Barker in Singapore]

[Text]

TENSION on Thailand's border with Cambodia and fears of Hanoi's powerful army after recent events in Indochina are forcing South-East Asians to re-examine whether they might find some security in mutual defence arrangements.

A military pact between members Asean has hitherto been a taboo subject mainly because it was felt any defence arrangement would inflame communist neighbours and be considered provocative.

A few years ago Asean was under frequent attack from a suspicious Hanoi and Moscow who said it was a military alliance, rather than the cultural and economic grouping it professed to be.

So far debate on the touchy question of mutual security has been muted, official comments are invariably circumspect, and opinions among the member countries differ considerably.

But the fact that the issues are being discussed at all indicates there may soon be a change in the thinking of Asean.

Prime Minister Lee Kuan Yew of Singapore has been asked about

possible mutual security arrangements in his two most recent Press interviews, and did not reject the idea at all.

He said Vietnam's invasion of Cambodia last December to remove the Peking-backed Pol Pot government had changed the ground rules.

"Since December 1978, we've all been rethinking about positions," he said. "Till then the rules of the game were that you don't cross international boundaries openly. You cross them surreptitiously by arms, instructors, and supplies."

Asked whether there was a need for mutual security arrangements he added: "We've not given it serious thought so far. It's been because the rules have changed. I know that everyone is rethinking the pros and cons."

Asked about rumours that some Asean contingents were already in Thailand, Mr Lee told Time magazine: "I don't want to comment on rumours." He went on to deny that Singapore had any forces in Thailand but said some Singaporean forces had trained in Thailand, and other Asean nations also trained

there.

The Singapore Prime Minister also seemed to suggest that Thailand's future would be better safeguarded if it were clearly keen to be a member of the Asean group, rather than trying to go it alone.

There may be a psychological advantage if Thailand or any other country that may be openly attacked were seen by the rest of the world to have been attacked not only as Thailand per se but attacked as the member of a group, provided that by doing this we are creating an international climate of opinion that makes sanction more likely against the aggressor.

Concern about Thailand's security has been growing ever since Vietnamese-led forces moved into Cambodia in strength at the end of last year. This removed the historic buffer between Thailand and Vietnam, and has brought Vietnamese soldiers to the edge of Thailand as they pursued the remnants of the forces loyal to Pol Pot.

Late last month more than 80,000 Khmer Rouge soldiers and civilians were allowed to trek

through 48 miles (70 kilometres) of Thai territory to escape a Vietnamese-led advance, and have subsequently re-entered Cambodia to fight another day.

Thai leaders say they acted on humanitarian grounds and have allowed a strictly neutral policy on all Indochina problems.

But this week the pro-Hanoi government of President Heng Samrin in Phnom Penh protested against alleged intrusions by Thai aircraft into Cambodian airspace and demanded that Thailand end "acts of provocation." The Thais denied any air intrusions.

"We're not afraid of threats... we're ready to defend Thai territory," said Foreign Minister Upadit Pachariyangkun.

Nevertheless, there are fears that the Vietnamese may be tempted to launch forays into Thailand as punishment for what they may see as collusion between Bangkok and Peking to save the remnants of Pol Pot's army from destruction. Hanoi has also accused Thailand of turning a blind eye to Chinese supplies going through its territory to Pol Pot's men.

However, Hanoi has

given a commitment to United Nations Secretary-General Kurt Waldheim that Vietnam has only peaceful intentions towards Asean neighbours. Prime Minister Pham Van Dong told Mr Waldheim in Hanoi that Cambodia was "a special case" based on historic ties between the two countries and alleged provocations by the Pol Pot government.

Hanoi also has to look over its shoulder at China and the risk of a second war on that front, perhaps even bloodier than the month long border fighting in February. Vice-premier Teng Hsiao-ping has said China reserves the right to teach Hanoi another lesson if it resumes its alleged provocations.

Peace talks between Vietnam and China have bogged down in recriminations and apparently irreconcilable entrenched positions. Hanoi is apparently bent on retaining control of an Indochina federation covering Cambodia and Laos, while Peking refuses to countenance on its doorstep such a federation loyal to its ideological enemy the Soviet Union.

Asean is watching the situation with undisguised alarm, afraid that another Chinese attack on Vietnam will lead to Soviet intervention and an even wider war.

Malaysia's Prime Minister, Datuk Hussein Onn, said while visiting Peking that Asean countries were determined not to get involved. Malaysia, which has built up some close commercial ties with Vietnam, is believed cool to any Asean mutual security arrangements.

Thailand, too, is publicly opposed to military cooperation among Asean members. Foreign

Minister Uddit said it was not the right time to consider such a move and reiterated that Asean was only a regional economic grouping.

Philippines Foreign Minister Carlos Romulo said the emphasis should be on developing military self-reliance among the Asean member states, even though Asean did not believe in militarism and was against any security arrangements.

Indonesia, the giant of Asean with 140 million people, has always said Asean will not become a military pact.

But Jakarta has close military cooperation on a bilateral basis with Asean partners, particularly Malaysia in the fight against guerillas in Borneo.

Singapore and Indonesia are believed to be in close consultation on defence matters and the Indochina problems, although the two governments seem to differ in their appreciation of where the main danger from communism lies. While Singapore is suspicious of Vietnam's motives, Indonesia appears to tacitly favour Vietnam in the Sino-Vietnam dispute.

It was a milestone in Asean's development when it submitted a resolution to the Security Council calling for withdrawal of all foreign troops from Vietnam as well as from Cambodia. This was the basis of the council's decision.

But the differences in outlook of member states, for instance between Singapore and Indonesia on the China-Vietnam struggle, will probably make it difficult for Asean to agree on mutual security, most observers believe.

Any attempt to reach agreement that ended in failure could be a setback to Asean's unity.

There is also the realisation that Asean forces are unlikely to pose much of an obstacle to the battle-hardened Vietnamese army if it came to a crunch.

"The first unhappy admission we must make is that for at least 10 years there is no combination of military forces in Asean that can stop or check the Vietnamese army in any open conflict," Mr Lee Kuan Yew said in his latest interview.

"They are well organised for it. Maybe it could be different after they have been at peace for another 20 years while we learn to gear our societies for insurgencies and war."

Mr Lee feels the present troubles in East Asia stem from Vietnam's effort to project itself as a middle power to fill the vacuum left by the American withdrawal in 1975 after the fall of Saigon.

If the Vietnamese had taken their time, the Pol Pot regime could not have lasted for long, Mr Lee said. But the Hanoi leaders, men in their 60s and 70s wanted to crystallise their dream of an Indochina Federation in their lifetime, so they acted militarily to bring Cambodia under their control, like Laos where they already had 40,000 troops.

Former US Secretary of State Henry Kissinger was also strongly critical of Vietnam during an Asian tour this month, saying Hanoi acted against the Pol Pot government not because of its genocidal policies but because Pol Pot was independent of Vietnam.

Dr Kissinger said it was not unnatural for South-East Asian countries to cooperate with each other bilaterally or multilaterally in military affairs. But the decision would have to be made by South-East Asian countries on their own, without American prodding.

A previous attempt at mutual security in the region was the South-East Asian Treaty Organisation (Seato) which was signed in 1964 and lasted until June 30, 1977.

Mr Lee believes that Vietnam has enough on its plate for the time being and will have to concentrate on its problems in Cambodia and on its northern border with China.

For the next five years, he said, conditions would not be favourable for Vietnam to embark on new ventures. "But if conditions turn favourable, yes, the potential for mischief is there," he added.

In those five years or so, efforts are likely to be made to build up Asean military strength, with the armed forces receiving more attention and a greater share of national resources.

Asean's total armed forces in 1978 were 658,000 men, slightly more than Vietnam's 615,000. The manpower breakdown was Indonesia 247,000, Thailand 212,000, Philippines 99,000, Malaysia 64,500 and Singapore 38,000.

Total defence spending of the Asean group last year was US\$4.33 billion. Indonesia accounted for US\$1.69 billion, Philippines US\$793 million, Thailand US\$746 million, Malaysia US\$699 million and Singapore US\$410 million. — Reuter.

ASEAN HAS KEY ROLE IN U.S. POLICY IN ASIA

Kuala Lumpur BUSINESS TIMES in English 9 May 79 p 6

[Article by Leon Howell]

[Text]

THE prolonged hostilities among erstwhile socialist allies in Indo-China have increased the importance of Asean to official United States foreign policy.

The American response to the ominous fighting in Indo-China is being summed up in a phrase catching on in Washington, "quarantine." In remaining directly uninvolved in the conflicts and calling for the withdrawal of both Vietnam from Cambodia and China from Vietnam, the US hope was to pursue a strategy of quarantining the allies in East and South-East Asia from harmful spillovers of the fighting among socialist states.

Several steps, which are not dramatic changes in policy but represent a response to the new situation, illustrate the approach.

The US has offered new, if limited, military aid to Thailand after the visit by Thai Prime Minister Kriangsak Chomanand to Washington. No further withdrawals of US troops from South Korea will be undertaken until the situation is much clearer. Proposed reductions of US naval forces in the Western Pacific have been dropped and more frequent visits to the Indian Ocean have been discussed.

The new bases agreement with the Philippines, after long haggling, will bring an estimated US\$500 million in

military aid to Manila over the next five years.

(The US proposes providing US\$65.7 million in military and security assistance in 1980 beginning Oct. 1, up from an average of about US\$37 million in the past four years. When a congressional subcommittee tried to cut that by US\$4 million recently, President Carter directly lobbied to have the money restored. It was.)

A Carter administration source says that the competition of China, Russia and Vietnam for influence in the region underscores the need for a continued American presence to maintain a balance of power. The US would be sympathetic to weapons requests by other Asean nations and both Japan and the US are ready to step up economic support, especially if it aids closer Asean cooperation.

As Asean receives new attention, a number of US officials are reading carefully an 87-page report first prepared as background for the August 1978 meeting of Asean foreign ministers and US officials in Washington. It was updated in November. Called *Asean: An emerging challenge in US policy towards Asia*, it was written by Dr Larry Niksch, a specialist in Asian affairs for the Congressional Research Service of the Library of Congress. The document is unclassified but circulates only through

congressional offices.

Dr Niksch has outlined several broad policy objectives for US policy in relation to Asean which he divides into three categories: political, economic and military.

Under political, he begins with maintenance of a balance of power in the region which implies that the US will remain involved in Asia. The second political point is "preservation of Japan's orientation to the United States," emphasising South-East Asia's importance to Japan as a supplier of oil, as a

source of natural resources and an avenue of sea supply.

A third political objective is the "security and stability of the non-communist countries of South-East Asia." Asean is viewed as central to the emergence of a regional system "oriented toward the West but able to balance regional communist power and deal with internal problems increasingly with its own resources." "Democratic political development" is a fourth political goal reflected in the concern for human rights but often given secondary importance to

security concerns.

Under economic objectives, Dr Niksch lists first "access to resources and markets." He says that the consensus is that the Asean area has some economic importance to the US which sold almost US\$4

billion in products to the five states in 1977 and contains sizeable US investment. The US got 90 per cent of its natural rubber, 72 per cent of its tin, 17 per cent of tea, 14 per cent of sugar and 10 per cent of crude petroleum from Asean in 1977.

"Development" is another economic goal. US aid has shifted in the

past few years from emphasis on infrastructure-related projects and commodity import programmes for indigenous industries to priority for 'basic human needs' programmes in education, health, population control and food production." He notes that the development of export-oriented industries in textiles, electronics and shoes will run into protectionist pressures.

The first of three military objectives is to "avoid combat involvement on the South-East Asian mainland and ground combat involvement throughout the region." From the enunciation of the Nixon doctrine in 1969 US military power is expected to be concentrated offshore South-East Asia and nations threatened by conventional attack or guerilla warfare "would assume responsibility for providing the manpower for its defense while the US would provide arms and economic assistance."

"Containment and defeat of communist insurgencies in Asean countries" is a second military consideration. American security assistance and training programmes are largely intended to enhance the Asean states' capabilities to deal with insurgencies; no American political support ex-

ist for placing US combat forces ashore in South-East Asia and very little for advisory forces.

The final objective: "Access to the major passages between the Pacific and Indian Oceans and protection of

Japan's sea lines of communication." Other than maintaining freedom of manoeuvre for US naval forces in the Persian Gulf and Indian Ocean, "this specifically involves protection of Japan's sea lines of communication to its major sources of energy and other vital raw materials — the Middle East, Indonesia and Australia."

Dr Nixsch points out that other than the Thai and Filipino military relationships, the 1970s have brought "a little noticed but potentially significant growth in US security-related activities in the Malaysia-Singapore-Indonesia region." He mentions the initiation of arms shipments to Malaysia and Singapore, the US Navy's use of Singapore's Tengah airfield for reconnaissance flights over the Indian Ocean, and patrols in the straits connecting the Pacific and Indian Oceans by the Seventh Fleet.

One further sign of increased recognition of Asean by the US government: the ambassadors from Asean are jointly briefed on important events. In March the group met with Assistant Secretary of State for East Asian and Pacific Affairs Richard Holbrooke to hear administration views on China and Indo-China and by Special Ambassador to the Middle East Albert Atherton on the Middle East peace treaty.

No high-level meeting is currently planned between Asean and the US. But, in July, 50 top US business executives will meet in Manila with the Asean Chamber of Commerce and Industry. -- Depthnews.

(Leon Howell, author and editor, has written extensively on Asia, from his base in Singapore in the late sixties. Now living in Washington, he remains a frequent visitor to the region and a perceptive observer of US policies in South-East Asia.)

MALAYSIAN MINISTER COMMENTS ON COMMUNIST THREAT TO ASEAN

Kuala Lumpur BUSINESS TIMES in English 20 Apr 79 p 18

[Article by Charles Chan]

[Text]

ASEAN must go all out to strengthen internal resilience through economic growth and social justice to counter hegemonistic ambitions threatening its stability and security from three directions — the Soviet Union, China and Vietnam, Home Affairs Minister, Tan Sri Ghazali Shafie said yesterday.

"Failure to do so may spell the demise of our freedom, free enterprise and way of life," he warned.

Tan Sri Ghazali was giving his personal assessment of the political situation in the region at a conference on South-East Asian Banking and Finance in Singapore.

He said all endeavours must be made to bring about Asean interdependence and complementarity on economic and political planes.

"Let Hanoi or for that matter Peking or Moscow discover that they have lost the race to mount a revolution in Asean and that they require to inter-act with Asean on its terms simply because there is no other choice," he said.

At the same time, he added, Asean must remain confident in its own security as well as the long-term viability of an independent and indigenous South-East Asian system.

He warned against the mistake of Asean succumbing to external power persuasion to seek security through military alliance against Vietnam, whether or not Vietnam was backed by another external power.

"Any external bal-

ance of power management, if necessary, should be done never on the basis of an individual country but on an Asean basis," he said.

He said the foundation for regional stability and progress was Asean as the embodiment of South-East Asian system strong enough to resist external power interference either directly or through subversion.

In his long speech, Tan Sri Ghazali analysed the irreconcilable ambitions of the three powers and discussed how they might attempt to achieve their objectives.

The Soviet aim, he said, was to communise the whole world with one communist party, placing the Soviet Union in a predominating position.

In seeking world hegemony, the Soviet Union would resort to subversion of top leaderships and organisations of influence of like the trade unions and religious groups in order they might become agents of change to bring about a system of government that would meet with the requirements of Soviet global hegemony.

China's ultimate aim would be to develop its own Asian hegemony with China in absolute ascendancy.

China wants monopoly of power in Asia for itself manipulating the strings through various national communist parties.

What of Hanoi?

Tan Sri Ghazali said: "Hanoi wishes to create its own hegemony in South-East Asia."

He said Hanoi would first seek through legal

and constitutional means the formation of an association of states, each free and independent with the monopoly of power in Hanoi established through the party line, with rights to call on each other not only in defence and security matters but also in civil administration.

The next step to this set-up — already evident in treaties signed with Cambodia and Laos — would be to excite history to back Laotian claim over 16 provinces in northeast and east Thailand and Cambodian claim for another eight provinces in Thailand.

"These may at some convenient time provide the *raison d'être* for armed intervention in Thailand on the part of Hanoi," he said.

"In respect of the rest of South-East Asia the Vietnam Communist Party Central Committee declared in 1977 that Hanoi 'must become the socialist cultural centre of South-East Asia.' The implication of that declaration is clear," he added.

The Thais have been taking precautions by mining their side of the border and bombarding their own side with bombs and guns not only to prevent any incursions into Thailand but also to smash insurgent forces straddling the borders.

"One could see how dangerous the situation may develop into unless restraint and patience were constantly exercised by both sides," he said.

INTER-ASIAN AFFAIRS

'HSIN WAN PAO' URGES GREATER TAIWAN-PRC HUMANITARIANISM

Hong Kong HSIN WAN PAO in Chinese 6 Jul 79 p 1 HK

[Unattributed news talk column: "Is It Based on Humanitarianism? It Is Based on Logic!"]

[Excerpts] Taiwan has for the first time testified that its people have had contacts with the mainland people; Taiwan has for the first time expressed its willingness to provide supplies to the mainland.

Sources from Taipei said that Taiwan's chairman of the Agricultural Development Committee of the Executive Yuan, Li Tsung-tao, told a LIAN HO PAO reporter: Taiwan's agricultural achievement has a high international value. If communist China wants to have information on which to base its agricultural transformation, the Agricultural Development Committee is willing to provide it based on humanitarianism.

This Agricultural Development Committee is equivalent to a ministerial organ in Taipei's Executive Yuan. Li Tsung-tao is equivalent to a ministerial-level official. His remarks were quite reasonable.

He said that his willingness to provide information was "based on a humanitarian stand." In fact, he had first taken this stand as a means to publicize the high standard of Taiwan agriculture. However, it does not matter. Since Taiwan's agriculture has become successful, there is no harm in publicizing it.

What is reasonable, however, is that it is "based on a humanitarian stand."

This stand is very good! The mainland and Taiwan are all compatriots. The mainland should treat Taiwan with humanitarianism. Taiwan should also treat the mainland with humanitarianism. Actually, this is a very natural thing. In treating people, we must talk in terms of humanitarianism, not to speak of properly treating one's own compatriots.

Since providing information is based on humanitarianism, should we talk more about those humanitarian measures which are more obvious than providing

information? Taiwan and the mainland have been separated for 30 years. Is it not inhuman not to allow family members, relatives and friends, who have never contacted one another, to communicate? Is it not more humanitarian to allow them to communicate with and visit one another? Naturally, communication by mail and transport and helping supply one another's needs are also within the sphere of humanitarianism.

You can keep saying that this is "based on humanitarianism, but it is based more on the correct way. Frankly speaking, this is what should be done.

CSO: 4205

UNCTAD V, A DISAPPOINTING RERUN OF AN OLD PLAY

Kuala Lumpur BUSINESS TIMES in English 14 May 79 p 18

[Article by Charles Chan in Manila]

[Text]

WHEN the curtains rose last Monday on Unctad V at the Philippines International Convention Centre, the stage was set for what Third World nations hoped would be a serious attempt to initiate a new era of global inter-dependence in which they would get a fair share of world trade.

It was to have been an endeavour to put an end to man's inhumanity to man, a crusade to redress world economic ills which would enable impoverished nations to get better returns for their goods so that basic human needs — food, health care, education and housing — could be effectively met.

Instead, it turned out to be a re-run of an old play with a new setting and an international cast, including a number of superstars whose presence aroused keen interest but whose performance turned out to be disappointing and demoralising.

As expected, the forces of the Third World

launched fierce attacks on the villain of the day — protectionism — which Singapore Trade and Industry Minister Goh Choa Tong, likened as a "hydra headed monster" with the power to grow a new ugly head even as one was cut off.

His rallying cry to developing countries to join forces to slay this monster received support from many developing countries but, at the same time, drew criticisms from some quarters for his use of strong language and for daring to point an accusing finger at a particular country, in this case Australia, whose new international civil aviation policy was described as an escalation of protectionism from international trade in goods to services.

Mr Goh's valiant but undiplomatic attempt to make ICAP an issue at Unctad V fizzled out when Philippine Foreign Minister, Gen. Carlos Romulo, president of the

conference, dismissed it by saying that the dispute had been settled at an official-level meeting in Kuala Lumpur just before he gave the floor to Australian Prime Minister Malcolm Fraser.

Apparently, it just isn't cricket to name names at international forums — even if they are guilty of the charges — and the use of harsh words is to be avoided for fear of giving offence. The next three weeks will tell whether developing countries can combat protectionism better by pussy-footing around instead of condemning it in the strongest of terms.

When craggy-faced Fraser spoke at the plenary session, he was like a person transformed, a champion of the oppressed drawing applause from many of the 159 delegations with his oratory accusing the United States and the European Economic Community of adopting protectionist trade policies, undermining com-

modity agreements, failing to control inflation and making a mockery of the notion of interdependence.

Coming from the leader of a developed country who had broken ranks from the other DCs, such verbal barrages were like music to the ears of delegations from the Third World. Most, except members of ASEAN, appeared to have been lulled into forgetting that Australia, strong supporter of the Common Fund it may be, is also one of the most protectionistic developed countries, imposing high tariff walls against textiles, footwear, timber and timber products.

Mr Fraser's unexpected attack on protectionism stung the EEC delegations and Mr Rene Monory, French Minister for the Economy and President of the EEC Council of Ministers, did not hide his displeasure at a Press conference where he pointed out that "the

speaker was not even from a developing country."

Mr Monory's ire was understandable. Only the day before, at the first day of the plenary session, he had blithely denied that the community had ever adopted protectionist trade policies to limit market access for the manufactured goods of the developing countries.

"They have nothing to fear from us," said Mr Monory whose approach to winning the goodwill of commodity producers and raw material suppliers took the curious form of not making any commitment to contribute to the "second window" of the Common Fund, avoiding making any promise to meet the ODA target of 0.7 per cent or rescheduling of debts incurred by the poorest of the less developed countries (LDCs).

Likewise, the highly-touted Japanese initiative at Unctad V, spearheaded by none other than Prime Minister Mr Masayoshi Ohira, fizzled out like damp squib.

Mr Ohira, speaking in English, offered nothing new to the world's poor. Instead, he provided a repetition of the promises which the Japanese have touted around every international gathering for the last two years.

Essentially, this is a promise to double Japan's aid, in current US dollar terms from US\$1.4 billion in 1977 to US\$2.8 billion in 1980.

Perhaps Mr Ohira thought Asean would be "thrilled" when he made it a point to stress Japan's close links with it, especially with his "Asean only" offer of a US\$1 million a year scholarship drawn from the aid budget for the next 10 years to help its member countries develop "human resources" which Japan regarded as the most important element in a country's economic de-

velopment. He succeeded in kidding only himself.

Mr Ohira also disappointed developing countries by refusing to make any specific commitment to contribute to the "second window" of the Common Fund beyond promising an "adequate amount" which Gen. Romulo hoped would be a sum "that would stagger us."

The enigmatic personality of Mr Andrew Young, US Ambassador to the United Nations and leader of the American delegation, drew keen attention from delegates and journalists alike.

He was eloquent and steered away from making controversial statements which had landed him in hot soup many times in the past. But, in essence, he promised nothing that the developing countries can regard as a sign of new US leadership in the Unctad quest for structural changes in world trade.

Mr Young pointedly refused to make any pledge of support for the "second window" and also did not offer any hope of the US curbing protectionistic practices which World Bank president Robert McNamara had criticised.

As it became clear that the DCs were intent on resisting Third World demand for structural changes in world trade, Unctad V was treated to a side-show in the visit of former US State Secretary, Dr Henry Kissinger, the man who dropped the greatest red herring of them all at Unctad IV — the proposal for an "international resources bank (IRB)."

The IRB, which was rejected, was to have started with a billion dollars to help investors and host countries in the development of raw materials and included the issue of "commodity bonds."

It was calculated to undermine Unctad IV

because it would have given share of control of raw materials to "investors" (meaning multinationals) and it would have been almost certain to end up as another western-controlled institution. In the circumstances, many delegates were not exactly overjoyed to see Dr Kissinger back at Unctad V.

If there was a silver lining, it was reflected in the substantial contributions to the "second window" by such developed countries like the Netherlands, Belgium, Austria and Sweden.

The Netherlands, the most progressive among the EEC countries, promised US\$25 million to the "second window." Sweden not only pledged US\$6 million to the "second window," but also demanded that DCs restructure their domestic industries to take account the competitive exports from the Third World.

While the delegations of the DCs had come to Unctad V for the tough negotiations ahead, their counterparts from the Group of 77 were still bogged down last week trying to finish drafting of resolutions connected with the Arusha programme of action.

They were as usual disorganised and slow in their homework. To make things worse, instead of coming to grips with the real issues, much time was wasted during meetings of the group in arguments over procedural matters.

It was against such a background of disappointments, lip-service by DCs intent on resisting Third World demands for structural changes and inability among the Group of 77 to complete its preparatory work in time for negotiations that Deputy Prime Minister and leader of the Malaysian delegation Datuk Seri Dr Mahathir Mohamad arrived in Manila yesterday, to take part in the plenary session of Unctad V.

VIEW FROM MOSCOW: SOVIET-ASEAN TRADE GAINS MOMENTUM

Kuala Lumpur BUSINESS TIMES in English 4 May 79 p 6

[Article by V. Pyodorov]

[Text]

THE economic troubles gripping the Western economy and the protectionist measures taken by the United States and Japan against the developing countries have caused a slowdown in production and a sharp rise in the foreign trade deficit of the Asean countries.

The report of the Philippine Central Bank on the state of the national economy for the first nine months of last year noted, in particular, that import costs grew by 22 per cent, to reach US\$3,000 million (M\$3,600 million). At the same time the rigid protectionist measures taken by Washington and Tokyo hamper the expansion of the Philippine exports to those countries and have already brought about a noticeable reduction in the country's export earnings.

Japan is stubbornly opposing the Philippines' demand for the lowering of traffic barriers. In 1978, Japan considerably reduced its purchases of traditional Philippine goods and raised duties on industrial imports from that country. Due to US machinations on the world sugar market, the Philippines' earnings

from sugar exports have dropped by 80 per cent.

An unfavourable economic situation on the Western markets has forced Indonesia to devalue the rupiah in an attempt to stimulate exports. Other Asean countries have also been compelled to take urgent measures to neutralise the negative effects of Western protectionist policies.

These circumstances are making the Asean countries look for partners among the countries of the socialist community. The experience accumulated by a number of the developing countries shows that the development of trade and economic cooperation with the Soviet Union and other socialist countries helps to implement national development plans, to diversify exports and to ensure full employment.

In 1978, the Asean countries took new steps to improve their trade and economic relations with the socialist countries. The USSR's trade with the Asean countries amounted to more than 198 million roubles, or about US\$642 million in the first nine months of the last year.

The Soviet Union is

one of the biggest regular rubber buyers in the region. It buys 12-15 per cent of Malaysian rubber exports, and 7-8 per cent of Indonesian exports. As rubber prices tend to plummet during economic crises, and as tens of millions of workers in the South-East Asian countries are employed in this important branch of the economy, long-term partnership with the Soviet Union and other socialist countries can not only ensure employment, but help create a more favourable economic climate for this item on the world market.

Apart from rubber, Soviet foreign trade associations purchase tin, spices, tobacco, coffee, and raw hide in the South-East Asian countries. Of late, the Soviet Union has become a major buyer of Philippine sugar, copra, and coconut oil. In 1978, the Soviet Union purchased 77.8 thousand tons of copra and coconut oil, that is, 19 per cent of Philippine exports of these goods.

In the same period the South-East Asian countries imported industrial raw materials, machinery and equipment and consumer goods from the socialist countries. The share of machines and equipment in total Indonesian imports from the CMEA (Comecon) countries come to close to 30 per cent, chemical goods, 20 per cent, and cotton, about 30 per cent.

The Philippines imported mineral fertiliser and chemical goods from the USSR, and Thailand purchased Soviet tractors, which have already proved their worth in that country. The total number of Soviet-made tractors in Thailand is close to 2,000. In the first six months of 1978 Thai-Soviet trade turnover increased by more than one third as compared with the same period in 1977.

The Soviet Union and other socialist countries are keen to expand economic cooperation with the South-East Asian countries. The Soviet-Singapore and Soviet-Philippine shipping companies have been suc-

cessfully in operation for an extensive period of time.

They have enabled Singapore and the Philippines to considerably undercut the monopoly of the Western and Japan freight lines. Thus, the Soviet-Singapore joint company Marisco went into operation in 1975, bringing earnings from fishing and the sales of fish and other sea products.

The Soviet Union has taken it upon itself to help Indonesia build a hydropower station, and Romania has committed itself to build a thermal power station on the Philippines.

It is worth noting, at the same time, that there are numerous other opportunities for expanding trade and economic relations between the South-East Asian countries and the socialist community. This is best exemplified by the results of the first meeting of the Philippine-GDR joint committee for cooperation in trade, which took place in October last year. In the course of its work both parties expressed their desire to increase considerably the volume of bilateral trade.

Contracts were signed for the delivery of Philippine goods to the GDR to the tune of 20 million dollars in 1979, and for imports of East German goods to the tune of US\$26 million (M267 million).

Apart from its traditional goods, the Philippines will supply ready-made leather goods and clothing. In its turn the GDR will sell Philippine companies big quantities of printing and textile equipment, metallurgical and chemical products, medical equipment and medicines.

Thailand, too, has displayed interest in developing trade and economic cooperation with the socialist world.

Trade and economic cooperation between the Asian member countries and the socialist states is advantageous for everyone. The facts show that such cooperation has a great future, given the existing will on all sides.

OVERALL ENERGY SITUATION IN ASEAN REGION IS ENCOURAGING

Kuala Lumpur BUSINESS TIMES in English 3 May 79 p 18

[Article by Soh Eng Lim]

[Text]

THE Asean countries should embark on programmes to diversify their energy supplies in order to reduce their heavy dependence on petroleum.

They should also encourage greater awareness among the public of the need for energy conservation and promote at the same time the use of more energy-efficient equipment in industry.

These recommendations for improving the energy situation in the Asean region were put forward by a Petronas official yesterday in the light of her general conclusion that the energy problems in the region are at present "under control".

Mrs Bebe Chooi, head of research in Petronas, was speaking at the international management seminar which closed yesterday. The week-long seminar in Kuala Lumpur was organised by the Malaysian Institute of Management and the Pacific Basin Economic Council.

According to Mrs Chooi, the overall energy situation in the Asean region is encouraging in spite of the recent Opec price increases and the shortfall in supplies caused by the cut-off in Iranian oil production.

She pointed out that the region's potentials for exploration are still attractive, particularly in offshore areas.

"The offshore exploration success ratio for Asean waters is generally 1:4, which is certainly more favourable than the world average of 1:7 or the average for

USA, which is 1:10," she said.

In the case of the Esso contract area off Peninsular Malaysia, the ratio is in fact 1:1, she added, explaining that this means that traces of oil or gas are found in every well that is drilled.

In the Gulf of Thailand, out of 39 wells drilled up to January 1978, 13 were successful, giving a ratio of 1:3.

Mrs Chooi also drew attention to Asean's special advantage in possessing a large offshore area measuring one million square miles within a depth of 200 metres on the continental shelf — roughly twice the size of the offshore areas of the United States or Western Europe.

She also remarked that exploration activity in the area has increased greatly, after the lull of a few years ago. There are now as many as 22 drilling rigs operating in Asean waters.

Another encouraging sign, in her opinion, is that offshore supply, service and construction industries in Singapore are now booming, after a lean spell of more than two years.

"Both offshore and onshore exploration in the Asean region is still at a relatively early stage," she stressed. "More intensive exploration has barely begun."

According to Mrs Chooi, the fact that total production of crude oil is being maintained at nearly two million barrels a day (bd) is yet another reason why the

Asean energy situation can be considered encouraging.

She pointed out that crude production in Malaysia increased by a substantial 18 per cent in 1978 over the previous year, and now stands at 270,000bd. In addition, the Philippines has started producing oil this year and all its five development wells off Palawan Island would be producing around 40,000bd by August.

Thailand would also emerge as a petroleum producer from early 1983, when its massive gas project comes on-stream.

Mrs Chooi saw equally healthy signs in the industry's downstream developments.

She noted that at present Asean refining capacity totals 2.1 million bd, with Singapore accounting for half the quantity.

Both Singapore and Thailand have taken steps to increase their refining capacity, with Singapore planning to increase its capacity by 100,000bd, and Thailand intending not only to raise the capacity of its three refineries but also to build another refinery.

Malaysia is also proposing to build a fourth refinery, while Indonesia hopes to build three hydro-cracker refineries to produce kerosene and diesel fuel from indigenous crude.

Both Malaysia and Indonesia have also taken steps to build fertiliser plants, to meet the enormous need for urea in the predominantly ag-

ricultural region.

Mrs Chooi pointed out that at present Asean consumes about 7.8 million tonnes of ammonia in urea a year, whereas its production capacity amounts to six million tonnes.

"By 1990 the gap could widen even further, with consumption estimated at 14 million tonnes," she said.

In the case of petrochemical plants, Mrs Chooi noted that Singapore's US\$1 billion venture on Ayer Merbau Island, with an annual production capacity of 300,000 tons of ethylene and 100,000 tons of propylene due for completion in 1983 — will be the largest project of its kind in the region.

Turning to the consumption aspect, Mrs Chooi indicated that the Asean region at present uses around 830,000bd of petroleum products for its domestic needs.

The average rate of increase in consumption works out to around nine per cent.

This high rate of consumption is explained by the fact that petroleum products form a significant percentage of the total energy consumed in the region, ranging from 41 per cent for Indonesia to 95 per cent for Malaysia and the Philippines, 96 per cent for Thailand and almost 100 per cent for Singapore.

"The world average is only 45 per cent, with industrialised countries like USA and UK consuming a little below average, at 43 per cent," she said.

URBAN PLANNING DISRUPTED BY INFLUX OF RURAL POPULATION

Kuala Lumpur BUSINESS TIMES in English 24 Apr 79 p 17

[Article by Bernabe Paguio in Manila]

[Text]

ASIAN city administrators are witnessing the rapid disintegration of their best laid plans due to the unabated flow of people from the rural to urban areas.

As a result, Metro Manila and eight other Asian cities have joined the ranks of the world's fastest growing cities. A recent study by the United Nations Fund for Population Activities (UNFPA) forecast a 58 per cent population growth rate for Metro Manila in the next decade. It means that 10 years from now, the number of Manilans will increase by more than one half. Metro Manila, comprising four cities and 13 towns, has a total population of about seven million.

The eight others and their UNFPA-projected growth rates are: Bangkok, 58 per cent; Baghdad, 55 per cent; New Delhi, 77 per cent; Teheran, 78 per cent; Bangkok, 73 per cent; Seoul, 69 per cent; and Jakarta, 59 per cent.

On top of the UNFPA projection list worldwide are Kinshasa (Zaire), 109.3 per cent; Lagos (Nigeria), 100 per cent; Addis Ababa (Ethiopia), 100 per cent; Bogota (Colombia), 82.9 per cent; Lima (Peru), 67.6 per cent; Sao Paulo (Brazil), 64.7 per cent; Mexico City, 64.3 per cent; Caracas (Venezuela), 63.1 per cent; and Cairo (Egypt), 64.3 per cent.

At least one-half of the continuing growth in population of Asian, African and Latin American cities is attributed by UNFPA to influx of people from the rural areas to cities.

UNFPA found that "the net village-to-city migrations in the first half of the 1970s totalled 25 million in East Asia and 23 million in South Asia."

These figures do not include the children born after migration and the population of areas which have been reclassified as "urban." UNFPA reported that Asian urban population is ex-

pected to grow by nearly 500 million between 1975 and the year 2000. Some 500 million of this will be "net migrations" from the countryside.

Excluding those in Soviet Asia and Western South Asia, there were over two billion Asians in the total world population of 3.9 billion people as of the end of 1975.

In the first half of this decade (1970-75), Asian population growth averaged 2.3 per cent annually, higher than the world average of 1.8 per cent and exceeded only by Africa's 2.6 per cent and Latin America's 2.7 per cent, according to UNFPA.

The unprecedented migration of Asians to the big towns and cities is apparently caused by "consistently inadequate returns from the land and a chronic lack of jobs," the UNFPA study said. Unfortunately, the cities are not equipped to handle the inflow, resulting in people getting "urbanised" without enjoying the amenities of urban living.

"Congestion has put a tremendous strain on public services," noted the study. "With little income, and most of it going to food, many of

the rural emigrants make do with unbelievably equalised, cramped quarters — with no regular water supply and hardly any access to garbage disposal and other services.

With few exceptions, the 'squatter area' is as much a feature of the Asian primate city as the high-rise building and the traffic jam."

The study said that urban residents now comprise 38 per cent of the regional population. This is expected to reach 44 per cent by the end of this century. A large portion of these migrants is likely to end up in the slums, according to UNFPA.

"Today, one of every three urban residents in Asia and the rest of the developing world lives in the slums, and the ratio is growing by 16 per cent annually," said UNFPA.

"The trend portends a worsening of the housing situation and a further strain on public services. This is not to mention a rise in the incidence of social problems that have found in the slums a fertile breeding place — crime, prostitution, mendicancy, among others." — *Depthways Special*.

RECORD YEAR OF OPERATIONS FOR ASIAN DEVELOPMENT BANK

Kuala Lumpur BUSINESS TIMES in English 18 Apr 79 p 6

[Article by Alan Chalkey in Manila]

[Text]

THE Asian Development Bank has just had a record year of operations, with total lending for development projects breaking through the US\$1 billion mark for the first time, bringing total lending during its 12 years of existence to nearly US\$5½ billion.

The bank also mounted a record number of technical assistance projects — studies and evaluations of many aspects of the member countries' economies, which very often lead to full-scale loans later on.

During 1978, Malaysia borrowed a total of US\$93.14 million (about \$204.9 million) from the bank for three projects, whose total cost, including other funds, is estimated at US\$428.8 million (about 943.4 million).

In addition, the bank approved a grant of US\$350,000 (about \$770,000) for a feasibility study of the integrated rural area development scheme in the Lemasin-Semarak area of Kelantan.

These borrowings brought the overall total of Malaysia's loans from the bank since the first project in 1966 to US\$430.6 million (about \$947.3 million) for 33 projects.

The bank has also approved a total of US\$1 237 million (about \$2 721 million) for seven

technical assistance projects, of which a number have already been translated into practical development schemes.

Malaysia is a leading borrower from the bank, its total being just under eight per cent of all the bank's lending to its 24 borrowing countries, which reach from Afgha-

nistan in the west across the islands of the South Pacific and north to the Republic of Korea.

Infrastructure, the underpinnings of an active economy, has received the highest share of ADB lending to Malaysia.

Ports and highways, and especially those linking the relatively less developed East Coast of Peninsular Malaysia, have received several infusions of funds totalling US\$140 million (about \$308 million).

The Kuala Lumpur-Kerak highway was the subject of early loans, and the East-West Highway later; on this latter project, the construction of bridges has opened up new areas for forestry, mining and tourism.

In 1978, a loan of US\$22.7 million (about \$52.1 million) towards the Jerangau-Jabor Road project was another major effort in the development of the East Coast, with 65 miles of trunk road and 40 miles of feeder roads in the Trengganu Tengah development area.

Last year, incidentally, the bank made a loan which carries this area further forward — US\$16 million (about \$35.2 million) for the provision of infrastructure connected with settlement in about a million acres of new land, involving town development, water supply and low-cost housing for five new towns.

The bank's largest loan for port development ever has also been made to Malaysia — US\$30.4 million (about \$66.88 million) for the deep-water seaport at Kuantan, which will be an entirely new outlet for the hinterland's produce, including palm oil, mineral oil, fertilisers, rubber, timber and tapioea.

Other port development loans from the bank include those for Kuching, Sibul and Penang, followed up by a water supply system loan for Kuching-Sibu.

Loans for electric power development have also been frequent, and they account for the second largest share of bank lending to Malaysia, analysed by sectors.

A total of US\$48.9 million (about \$105.6 million) has gone into electric power expansion in East Malaysia, and into the huge hydro-power project in Trengganu which is taking US\$45.4 million (about \$99.9 million) according to a loan agreement approved late last year.

As a result of the loans for Sabah power development, supplies will be increased to Kota Kinabalu, Sandakan and Labuan.

Close behind power development has been water supply, for which the bank has advanced a total of US\$88.8 million (about \$190.9 million).

Projects have included water supply for Penang, Malacca and the Ipoh area, and for several other projects in Sabah and Sarawak.

But the largest advance has been for the Johore, Perak and Trengganu water supply programme, totalling US\$31.74 million (about \$70 million) last year.

One of the earliest loans, in 1969, went to

finance the first two stages of two palm oil mills in Penang, and in 1974 the bank approved a loan of US\$14 million (about \$30.8 million) to develop six ongoing oil palm settlement schemes in Sabah.

There followed in the same year a US\$18 million (about \$39.6 million) advance to implement the first stage of the massive 2½ million-acre Pahang Tenggara regional development scheme.

Another integrated rural development scheme, the Besut project, received loans totalling US\$4.2 million (about \$9.24 million) in 1970 — and in this context, it is important to

note that US\$3.3 million (about \$7.3 million) of this sum was from the bank's "soft loan window," the only occasion on which Malaysia has received concessional funds from the ADB.

The bank lends from two "windows" — ordinary loans at market rates (currently 7.4 per cent a year), which are funded from ordinary capital and money borrowed on the world capital markets, and soft loans from the Asian Development Fund (ADF).

This fund, fed with subscriptions from the 14 developed country members of the bank in Europe, America and Australia, is kept entirely separate from the ordinary funds, and loans made from it are at a nominal one per cent service charge per annum, and there is up to 40 years to repay.

These soft loans are greatly needed by the developing member countries, but of course there is never enough money to go round. Therefore the loans have to be rationed. Who, however, shall get them?

Last year, in August, the bank's management took a closer look at the relative needs of their members, and drew up a schedule of countries, based on two criteria in the main — the average Gross National Product of each country, and its ability to repay foreign debt.

This set of criteria divided the bank's borrowing members into three groups.

Group A are those countries which have the lowest GNP per head, and which have been most seriously affected by the oil crisis, currency devaluations and chronic inflation in the world in the last six years or so.

Considering that Asia has half of all the truly poor people in the world, it is no surprise to learn that Group A comprises most of the developing member countries of the bank.

They will be given priority in the allocation of soft loans, and indeed most of their borrowing henceforth will be from the ADF, wherever possible.

Group B could perhaps be called the "make-off" countries

Under present bank schedules, there are four of them — Indonesia, Papua New Guinea, the Philippines and Thailand.

These countries are considered to be capable of coping with loans at the ordinary rate, and will get only limited access to the special funds.

For them, soft loans will be approved only for projects which, according to the official wording, "have high social and economic value but relatively low financial return or foreign exchange earning capacity."

In practice, as recent loan approvals have shown, this means technical education in Indonesia, water supply in Papua New Guinea, irrigation in the Philippines and inland fisheries development in Thailand, for instance.

And lastly, there is Group C, composed of those countries which are regarded as so far along the road to modernisation and good foreign currency earning power as to need no soft loan boost at all.

And these countries are Malaysia, Singapore, Hong Kong, Fiji, South Korea and Taiwan. All these countries have GNP per head above the US\$800-a-year water-mark.

They are also among the fastest-growing countries in the world in recent years. It is therefore probable that the Besut project will be a rarity for Malaysia, in receiving concessional funds.

As a pointer to future lending, last year a US\$350,000 (about \$770,000) technical aid grant was made by the bank for a feasibility study for integrated ru-

ral development in the Kemasin-Semarak area, which will involve drainage, irrigation and flood control, agricultural extension services, livestock farming, processing of agricultural products and "social infrastructure" (schools, health services, etc.).

It will also include aquaculture, the "farming" of fish in ponds and brackish water.

This last angle on development, the hatching and careful growing of fish in a controlled environment, is beginning to play a larger part in the bank's lending and technical assistance.

Several countries (among them, Thailand) are becoming interested in this relatively new technology.

There are many reasons for this interest, among them being the possibility that many areas of open-sea fishing in the world are becoming over-fished; then, there are the political problems of the law of the sea, and the fact that many nations have declared wide economic limits round their shores (this may affect the catch of neighbouring countries).

Added to those reasons is the fact that fuel for fishing vessels is getting much dearer every year.

In this and other aspects of planning the future of the economies of the nations of Asia and the Pacific, the bank is playing an ever larger role every year, as both the bank and the member countries gain experience and flair in providing for the future.

Last year's record lending and record technical assistance indicate that the partnership is now on a sound footing.

CENTER TRAINS EXPERTS TO CUT POSTHARVEST LOSSES

Kuala Lumpur BUSINESS TIMES in English 15 May 79 p 17

[Article by Francisco Bawang in Los Banos]

[Text]

A NEW breed of technologists is being trained in a relatively new horticultural thrust — post-harvest handling of fruits and vegetables — to minimise alarming losses which have shaved income of farmers in South-East Asia.

Venue of the training is the Los Banos-based Association of South-East Asian Nations Post-harvest Horticulture Training and Research Centre (Asean-PHTRC), about 40 kilometres south of Manila. Established only a year ago, the centre so far has turned out 14 graduates from the five Asean member countries.

A similar number are currently enrolled in the course. The course is held relevant in the context of the Asean's collaborative effort to knock down barriers to increase food production in the region.

As underscored by Dr Ernesto Pantastico, centre director, 40 per cent of vegetables and a good 30 per cent of the fruits produced in the Asean region go to waste due to mishandling like improper packing, transporting and storage. Post-harvest losses in some Asian countries are even higher than the damage attributed to pests, diseases and weeds.

Post-harvest losses in fruits and vegetables come in many ways. Wastage can be due to decay, over-ripening, mechanical injury, weight loss, trimming and sprouting.

"It is distressing to note that so much time is being spent for irrigation, fertilisation and crop protection measures only (for the yield) to be wasted about a week harvest," commented Dr Pantastico in his inaugural lecture for the professorial chair in post-harvest physiology of the Los Banos-based South-East Asian Regional Centre for Graduate Study and Research in Agriculture (Searca).

In that lecture, he suggested a crash programme against post-harvest waste, using relatively simple measures on a broad front. He stressed the programme could be viable through mutual understanding between the growers and those handling the products after harvest.

The Asean-PHTRC has the following for its immediate objective:

- Minimise post-harvest wastage in the Asean region.
- Improve fruits and vegetable handling in the tropics.
- Improve the quality of fruits and vegetables for the market.

The centre was established in the Philippines because there are more local experts in the various post-harvest fields compared to other Asean member nations. It offers a special seven-month training in all aspects of post-harvest handling of fruits and vegetables. Visits to fruit and vegetable plantations and processing plants are part of the study. Funded by the Australian government and some contributions from Asean, the A\$2.3 million (US\$2.7 million) programme will continue up to 1981.

Until recently, post-harvest handling of fruits and vegetables in the Asean region had always been taken for granted. As a result, harvested horticultural products had carelessly been packed, transported or stored as evidenced by so much wastage before these reached the market.

The centre strives to correct this deficiency. After all, post-harvest handling of fruits and vegetables determine the ultimate quality of products for the market. — Depthnews.

BRIEFS

TAIWAN RICE TO INDONESIA--Kaohsiung, 9 July--The Taiwan Provincial Food Bureau plans to export 250,000 metric tons of rice from its stockpile to Indonesia this year, a spokesman of the bureau said Monday. A total of 9,900 tons of rice has so far been delivered to Indonesia through Kaohsiung harbor. [Text] [Taipei CNA in English 1415 GMT 9 Jul 79 OW]

TAIWAN PRODUCTS TO JAPAN--Taipei, 5 July--Japan will increase its imports of Taiwan products to narrow the trade gap between the two countries, a Japanese purchasing mission spokesman said Wednesday. The spokesman made the statement after the 23-member mission, led by Noboru Goto, president of the Japanese Tokyu conglomerate, held trade talks with their Chinese counterparts in the morning. The Japanese mission arrived here Monday for a five-day visit. [Taipei CNA in English 0240 GMT 5 Jul 79 OW]

PRC-TAIWAN AGRICULTURAL COOPERATION--According to a report by Taiwan's UNITED DAILY NEWS on 5 July: During an interview by a UNITED DAILY NEWS reporter yesterday, Li Chung-tao, chairman of the Agricultural Development Committee of the Executive Yuan under the Taiwan authorities, announced that "if the Chinese communists want to request materials as a basis for agricultural reform, the Agricultural Development Committee is willing to supply them." According to the UNITED DAILY NEWS report, a senior official of the Agricultural Development Committee also told a reporter yesterday that Taiwan and mainland students studying in West Germany and northern European countries had recently set discussion topics by rotation and conducted debates on agricultural construction. Those Taiwan students who had contacts with the mainland students have requested material on agricultural construction from the Agricultural Development Committee for further reference. [Text] [Hong Kong WEN WEI PO in Chinese 6 Jul 79 p 1 HK]

CSO: 4205

AUSTRALIA

AUSTRALIA TO SET UP SPECIAL FORCE TO COUNTER TERRORISM

Melbourne Overseas Service in English 1130 GMT 3 Jul 79 OW

[Text] Australia is to establish a special military force to counter terrorism. The force will be drawn from the special air service regiment.

Announcing the move today the defense minister, Mr Killen, said the defense force was best equipped to meet the special role. Mr Killen said the special counterterrorist force would also be available to state and territory government if needed.

He stressed the unit would be trained to support the police and would be subject to established legal procedures governing military aid to the civil power.

CSO: 4220

BANGLADESH

BRIEFS

FRG AID—Bangladesh is to receive economic aid of nearly 96 million taka for the Sylhet Paper and Pulp Mill from West Germany under an agreement signed between the two countries in Dacca on 5 July. The aid will be used for financing the costs of equipment, spare parts and other expenditures of the mill. [Dacca Overseas Service in English 1230 GMT 5 Jul 79 BK]

CSO: 4220

BURMA MAY BEGIN TO EXPORT OIL AS PRODUCTION RISES

Kuala Lumpur BUSINESS TIMES in English 30 Apr 79 p 6

[Article by Zaw Win in Rangoon]

[Text]

BURMA hopes to rejoin the ranks of the oil-exporting countries after a lapse of 40 years following development of new wells and improvement in transport facilities from the country's most productive fields.

Despite increasing domestic demand, government officials are confident that production will be sufficient to support a modest export industry, probably of about one million barrels in the first year.

Current annual domestic demand is estimated at eight million barrels and this will certainly increase as the government pushes ahead with national development plans for agriculture, mining, forestry and transport.

However, extensive inland exploration and drilling by the state-owned Myanmar Oil Corporation (MOC) has increased Burma's output of sulphur-free, high-wax crude from 3.8 million barrels in 1963 to 10.5 million barrels last year, leaving it a surplus of two million barrels.

Burma stopped importing crude oil in 1975, the year that production inched past its pre-war record of eight million barrels. It had been buying about two million barrels a year but the Arab oil embargo of 1973 and the sudden increase in price were making heavy inroads into scarce foreign currency reserves.

A major problem had

been getting the oil from the wells to the main refinery at Syriam, at the mouth of the Irrawaddy river near Rangoon.

At one point, the Mann fields in Central Burma, the country's most productive centre, had to suspend operations for six months because of storage problems and transport difficulties.

The suspension cut output from 16,000 barrels per day to 7,000 barrels at a time when the country's average daily output was 23,000 barrels.

But a new 250-mile (400 km) pipeline from Mann to Syriam will go a long way towards solving that problem. The Syriam refinery, which currently can handle 16,000 barrels a day, is being extended — with a Japanese loan of 3,300 million yen (about \$24.3 million) — to increase its capacity by 6,000 barrels.

The oilfields at Mann, with an output of about 7.5 million barrels, account for almost 75 per cent of Burma's total production. Experts say about 4.5 million barrels will flow there each year to the Syriam refinery.

But in addition to the Syriam installation and a smaller refinery at Chauk, in Central Burma, which has a daily capacity of 6,000 barrels, the government plans to build two new refineries. One will be at Mann and the other at Malun, not far away.

The Mann refinery

project, also, financed with a Japanese loan of 10,000 million yen (about \$750 million), is due to go into production in 1982 with a daily capacity of 23,000 barrels.

The Malun refinery will go into production shortly with a capacity of 2,000 barrels.

Burma needs the additional refineries to meet anticipated demands for petrol, diesel oil, kerosene and furnace oil. The Myanmar Oil Corporation plans to increase production by about 30 per cent this year to a total of 313.5 million gallons (1,200 million litres) from 241.5 million gallons (1,000 million litres) to meet Burma's growing fuel energy needs.

While tapping established oil reserves, the government is also encouraging fresh exploration for offshore sources. The new programme will be Burma's third attempt to find oil along its 1,360-mile (2,200-km) coastline.

Industry sources said the government has offered foreign oil companies a new deal for another joint effort.

Terms have not been disclosed but sources said areas where previous surveys had indicated likeliest chances of oil, but which had not been made available to foreign exploration firms, would be included in the new package.

Previous surveys between 1973 and 1977 proved fruitless. American companies sank 12 test wells off the southern coast, but operations were abandoned in 1974 after four wells yielded traces of natural gas but no oil.

The following year another effort was made by four foreign companies, including an Exxon subsidiary and Compagnie Francaise Des Petroles, but drilling was abandoned in 1977 after negative results from 17 tests wells. — Reuter.

BURMA

BRIEFS

OIL REFINERY, PRODUCTION--The 18 June editorial of MYANMA ALIN DAILY, referring to the report presented by the Council of Ministers at the third meeting of the Second People's Assembly, noted that a small oil refinery capable of refining 2,000 U.S. barrels of crude daily is being constructed in Malun region, Minhla Township, with locally available materials. The refinery, expected to begin operation in 1979, will meet 5 percent of the gasoline, kerosene, diesel oil and fuel oil requirements of the country. The paper, quoting the report, also said a total of more than 27,000 barrels of crude are being produced daily by the oil-fields and that up to the second half of the 1978-1979 fiscal year--that is, as of 31 December 1978--a total of over 4.92287 million barrels of crude oil had been produced--a record production in Burma. The paper while praising efforts to produce more than the country's requirement of gasoline, kerosene, diesel oil and fuel oil, urged people to use only what is actually needed and not to squander oil. [Rangoon Domestic Service in Burmese 0140 GMT 18 Jun 79 BK]

CSO: 4211

MIZO REBELS SEEKING FOREIGN ASSISTANCE

Delhi Domestic Service in English 1530 GMT 10 Jul 79 BK

[Text] The Union Home Minister, Mr Patel, has expressed the government's determination to ensure that underground elements in Mizoram are not allowed to disrupt normal life and harass and intimidate law-abiding citizens. He was replying to a calling attention motion by Mr (Vyalal Ravi), Congress and four others.

Mr Patel said security measures in the union territory have been further intensified. The strength of security forces has been suitably increased to deal with the situation firmly. Orders suspending operations by security forces [against Mizo rebels] in Mizoram have been revoked.

Giving an account of the violent incidents in the union territory, the home minister said that the Mizo National Front led by Mr Laldengha wanted to unseat the lawfully elected government of Brigadier Sailo through violence. Mr Patel pointed out that the Mizo National Front had openly declared its objective for the formation of an independent Mizoram. It has also been employing an armed force to attack security forces, civil servants and citizens. It has also maintained contacts with foreign countries to secure arms and financial assistance. An official of Public Works Department was killed last month, and in six more violent incidents two CRP [Central Reserve Police] jawans [soldiers] were killed.

Replying to a calling attention motion on the same subject in the Rajya Sabha, the minister of state for Home Affairs, Mr Dhanik Lal Mondal, said that some isolated incidents in the northeastern region will not in any way threaten the security and integrity in the country. The motion was moved by Mr D. C. Bhattacharya, Janata, and eight others. Mr Mondal said the government has no evidence that the rebels in Mizoram and Nagaland have got arms from China since the visit of the External Affairs minister to that country earlier this year. Mr Mondal refuted the charge that the Mizo National Front leader, Mr Laldengha, is being tortured in any way under custody.

During the discussion, opposition members criticized the bureacracy for what they called [word indistinct] the affairs in the northeastern region. They also voiced their concern on the Freedom of Religion Bill and said it is not in the country's interest. The view was also expressed that the interrogation of Mr Laldengha is not going to solve the Mizo problem.

CSO: 4220

UNDERGROUND MIZOS ATTACK RADIO CENTER AND POLICE

Curfew Reclamped in Aijal

Delhi Domestic Service in English 0240 GMT 3 Jul 79 SK

[Text] In Mizoram, day curfew has been reclamped in the capital, Aijal, following attacks by armed underground elements on the All-India Radio [AIR] transmitter center and the state police complex last night. The police repulsed both the attacks, there were no casualties.

The AIR Aijal correspondent who was near the scene reports that the police complex in the adjoining bazaar areas were attacked by the underground snipers around 0930 p.m. The exchange of fire lasted for about half an hour. The vehicles of the inspector general of police and the deputy inspector general of police, which were passing through the areas around that time, were also fired at. They were unhurt.

Earlier the AIR transmitter center was attacked for about 25 minutes. The transmitter was not damaged and the programs were not interrupted.

Our correspondent adds, combing operations were launched in the town following the incidents. According to reports reaching this morning 12 persons alleged to be underground elements have been arrested.

Meanwhile reports from (Kolasib) say that large quantities of arms and ammunitions with Chinese markings were seized and 12 underground elements were also arrested in searches being conducted there.

Underground Leader Arrested

Delhi Domestic Service in English 0830 GMT 3 Jul 79 SK

[Text] In Mizoram, combing operations are going on in the curfew-bound Aijal and (Kolasib) towns. A police spokesman said that an important leader of the underground elements identified as a self-styled senator is among the eight persons arrested this morning. With this, the total number of arrests in connection with the last night's incidents in Aijal has gone up to 32. Two persons were injured in the incidents, the spokesman added.

The underground elements made a second armed attack on the transmission center of All-India Radio near Aijal early this morning. It was repulsed by the CRP [Central Reserve Police]. There was no damage to the transmitter.

Our correspondent reports that the overall law and order situation is under control although Sachin town, about 100 kilometers south of Aijal, is tense. Additional police enforcements have been rushed, he added.

CSO: 4220

CONSTRUCTION FIRMS WINNING CONTRACTS IN MIDDLE EAST

Kuala Lumpur BUSINESS TIMES in English 18 Apr 79 p 17

[Text]

LATEST figures show that India is now the second biggest Asian exporter to the Middle East. After their spectacular success last year, the Indians are second only to Japan and ahead of the South Koreans.

A study of their performance in the last two years shows why. In 1977 the Saudi authorities, believing western firms had combined to make high bids for a power project, sent a high-powered delegation to New Delhi. It offered a quarter share in the contract to the Indian public sector company, Bharat Heavy Electricals.

The other three parts of the project, each worth US\$150 million (about M\$170 million) went to Pakistan, South Korea and Taiwan. Bharat saw the offer as a bargain and rapidly accepted the Saudi terms. The crucial point was that the lowest western bid was four times what the Indians wanted.

It took time for the Indian companies to get into the region, but they have now won a number of prestigious contracts in Kuwait, Libya, Iraq, Oman and the UAE. Fortunately for the Indians they had little success in Iran.

Their obvious advantage is their supply of cheap labour. India, along with Pakistan, is

long time supplier of labour to the Gulf states and even in Saudi Arabia. There are officially 75,000 nationals working compared to South Korea's 85,000.

As the Arab oil producers became increasingly sensitive to the high bids produced by western companies in recent years, the Indians could cash in on their low costs. They have been well placed to form consortiums or take on cheap subcontracts from Japanese or western firms with high capital and labour costs.

This is not to say that the Indians have not faced an in-built prejudice in the Middle East in favour of western firms. They still find that such competition has the advantage of a head start.

The lowest bid of an Indian company is not always successful and there is sometimes an inability or unwillingness to adapt to local conditions. But they are learning fast — particularly when it comes to "pay-offs." Increasingly large sums are allocated

for this purpose, although they have to be hidden under other headings since so many firms are state-owned and thus accountable to Parliament.

Indian companies are serviced by a well-developed intelligence service largely run by the efficient Association of Indian Engineering Industries, which has made a case-by-case study of Middle East markets. The association has recently opened an office in Dammam, Saudi Arabia.

In its first 18 months of operations it has arranged few big contracts though many are being discussed. The largest is H.G. Shirke & Co US\$35.9 million (about M\$79 million) Saudi hotel and industrial building contract.

There have been many small sub-contracts in Saudi Arabia for sanitary fittings, electrical equipment and the like but nothing to compare with the US\$10 billion (about M\$22 billion) in contracts won by South Korea. This is a little surprising since In-

dia enjoys a 10 per cent success rate in overseas bids compared with South Korea's eight per cent.

There has been greater success in the Gulf and Iraq — a major breakthrough was the award of US\$257.5 million township in Kuwait in 1977.

But the biggest involvement is in Libya. When plans were announced for an iron and steel complex at Misurata following the discovery of over 700 million tons of iron ore reserves at Wadi Shatti, an Indian firm M.N. Dastur and Company was chief consultant.

Another Indian firm, Kamani Engineering Corporation, specialising in power transmission, is responsible for roughly 1,500 kilometres of transmission lines in Libya and has several similar projects on hand.

In heavy engineering, Bharat Heavy Electricals has finalised a deal to supply and install two boilers and a turbo generator at the Tripoli power station. International Airports Authority

of India, working with National Buildings Construction, is building Ghat airport and Ghat village. The growing volume of Indian commitments in Libya is testimony to the expansion of Indo-Libya cooperation which is encouraged by close political relations and the Indo-Libyan joint commission. Indian exports to Libya have risen by about 80 per cent in the past three years.

A joint commission is also working with Iraq and at its last meeting it decided to double imports from India. Major contracts won there so far include the rupees 55 million (about \$115.4 million) Najaf-Kufa sewerage scheme, as well as the Amara and Shuqat sewerage scheme contracts worth \$70 million and \$40 million respectively.

An Indian firm has won a \$450 million (about \$126 million) contract for the turnkey installation of three grain silos at Talafar.

Shirkat and Binhar and the setting up of a township. Extension of the water supply from Magal to Umm Qasr on the Gulf will be carried out at the cost of \$175 million (about \$150 million). Two bridges are also under construction by Indian firms, the 237 metre-long Jalawala bridge in north-eastern Iraq, costing \$90 million (about \$125.2 million) and the Khider bridge in Southern Iraq, 240 metres long and costing \$45 million (about \$112.6 million).

Among the subcontracts under execution by Indian firms in Iraq are the erection and commissioning of a

thermal power plant at Hartha and the installation of 11 KV substations along the pipeline running between Hartha and Basra.

Construction of a fertilizer plant at Basra and a subcontracting oil plant at Baghdad have been won. In addition to other miscellaneous work such as a chemical factory at Latifiya, buildings at Akashati and Al-Azim and barracks at Butra and Masara in the Misan governorate. Indian firms are competing for several major Iraqi projects, including installation of a microwave network extension to provide telephone, telegraph and television transmission links between Baghdad and Amara.

In Iran, the Indians supplied only 2.7 per cent of imports, mostly machinery. The revolution will very likely lead to a prejudice in favour of cheaper contracts and a bias towards the developing world — in which case India is well placed.

But the Iran outcome has also placed further emphasis on India's need to earn foreign exchange or pay for its mounting import bill. Before the recent Opec price rise crude oil already made up over a quarter of India's US\$7 billion (about \$115.4 billion) imports.

The sheer competitiveness of the Indian exporters with cheap labour and sufficient technical background means that it is they, rather than the South Koreans, who are best placed for rapid expansion in the Middle East. — Mideast Markets.

LATEST TECHNOLOGY FOR VIZAG PLANT

Madras THE HINDU in English 19 Jun 79 p 7

[Text]

NEW DELHI, June 18.

The Steel and Mines Secretary, Mr. Mantosh Sondhi, to-day expressed his confidence that the first stage of the new steel plant to be built at Visakhapatnam would go on stream within four years from the date its construction was taken up.

He based his optimism on two considerations. First, a set of managers who had mastered the technique of project management was readily available. Second, imports would be freely made in case it was found that equipment from indigenous manufacturers was not likely to be available on time.

Mr. Sondhi was talking to newsmen on his return here from Moscow where he led the team of officials and experts to the 51th meeting of the Inter-governmental Indo-Soviet Commission on economic, scientific and technical co-operation. The Minister of External Affairs, Mr. A. B. Vajpayee, was the Chairman of the Indian side.

Mr. Sondhi said the revised detailed project report for the Visakhapatnam plant would be available in April 1980 but preparatory work at the greenfield site would begin in the next five or six months.

The Vizag project, he said, would be based on the most modern technology and would be built in two stages. The first stage would have a capacity of 1.2 million tonnes of saleable steel and when the final stage was completed two years later, the plant would be capable of producing 3.2 million tonnes of steel.

While the detailed project report was being revised by M. H. Dastar and Company in consultation with the Soviet organisation, Gipromet, an agreement for building a seven metre high coke oven battery at Vizag was being signed by MECON with Gipromet, he said.

MECON and Gipromet would co-operate for introducing up-to-date technology into production. The Soviet side confirmed its readiness to furnish up-to-date documentation both on processes and technology as well as to consult the Indian side, to train Indian specialists in the USSR and to depute Soviet specialists to India.

Mr. Sondhi said once the detailed project report was drawn up, it would be possible to prepare a division list in respect of the equipment that India would manufacture indigenously and that would have to be imported.

Soviet credit to the extent of Rs. 250 crores had already been tied up and it was expected that after the division list was drawn up, the Soviet Union would favourably consider giving even larger credit. Mr. Sondhi made it clear that Soviet aid was untied and India was free to make imports from whichever source it wanted.

As for further expansion of Bokaro capacity to 5.5 million tonnes, the two sides worked out a co-ordinated programme for its design work. The Indian side would take steps to get Government approval for the expansion.

At Bhilai, the expansion to four million tonnes was going apace. Both sides agreed to take all necessary measures to complete the supply of equipment and materials to ensure uninterrupted work.

ALUMINA PROJECT

Mr. Sondhi said the Joint Commission had also discussed the progress in setting up an alumina plant in Andhra Pradesh. The 600,000-tonne capacity project would be built with Soviet assistance on a production compensation basis.

The feasibility report for the project was expected to be delivered by the Soviet Union in August, worked out on the basis of Soviet equipment. Cost estimates and economic studies based on the use of Indian equipment to the extent available would be handed over to India in November next, and discussions on further stages would begin not later than March 1980.

The Steel Secretary said the possibility of exchanging Indian bauxite and alumina for Soviet coking coal (coal mining on an extensive scale had been taken up in the Yakuti region of Siberia) was being looked into. The two-way traffic could be handled by a captive fleet.

Mr. Sondhi visualised a bright future for the Heavy Engineering Corporation at Ranchi, the Mining and Allied Machinery Corporation at Durgapur as well as for other heavy engineering units as a result of the Soviet proposal to place orders for the supply of 230,000 tonnes of equipment and structures valued at Rs. 400 to Rs. 450 crores spread over the next five years.

Coupled with the construction of equipment for the Vizag plant, this would ensure for HEC orders worth Rs. 80 crores or so annually for the next few years.

He said 50 per cent of these equipment and structural work would be used by the USSR itself and the rest would be used in third countries. India and the Soviet Union had also agreed on co-operation in third country projects like a steel mill in Nigeria, an aluminium plant in Algeria and another venture in Libya.

The Moscow meeting had also identified various other areas of co-operation including the use of the Soviet directional blasting technique in irrigation projects, exploitation of oil and gas resources as well as the manufacture of bulk drugs and formulations in India.

It had been decided that a joint working group to monitor the implementation of the decisions taken by the Joint Commission would be set up, Mr. Sondhi said.

UNI reports:

Mr. Sondhi said that originally it was thought of accepting the Soviet aid for the Vizag project under a system of production compensation. As the demand for steel in the country had gone up it was felt that there would be no steel to spare from the plant, the Government decided not to accept it on production compensation basis, he said.

RAJASTHAN PROJECT TRANSFORMING THAR DESERT

Kuala Lumpur BUSINESS TIMES in English 19 Apr 79 p 17

[Article by Arun Bhattacharjee in New Delhi]

[Text]

DEEP in the heart of India's Thar Desert in western Rajasthan, only 30 miles from the Pakistan border, a gigantic human effort to transform this desolate area into a land of plenty and prosperity is taking place.

This is the Rajasthan canal project, a colossal undertaking which, in terms of human and material effort, is yet to have an equal anywhere in the world.

To get a clearer picture of the size and magnitude of the project, which is expected to cost Rs 4000 million (about US\$500 million) when finished, the Indian government released facts and figures on Stage I of the canal system, now almost complete.

For this initial phase alone, over 45,000 workers, 8,000 camel carts and more than 5,700 donkeys were employed. In addition, earth-moving machinery, huge cranes and mammoth mechanical diggers were brought in to augment the work force.

India has so far spent Rs 1.76 billion (US\$220 million) on this first stage, while some half a million hectares of once arid and useless desert are now fully irrigated and ready for cultivation.

More than 204 kilometres of 40-metre-wide feeder canals and around 189 kilometres of main canals spread over a 3000-kilometre-wide

distribution system have also been completed.

Furthermore, 918 kilometres of distributory canals have been lined with tiles, 430 kilometres of new roads are now in full use while several water supply systems for 100 villages have been erected.

Finally, 35,000 hectares of high shifting sand dunes adjacent to the irrigated areas have been reforested.

Rajasthan state has an area of 34 million hectares of which 37 per cent (13 million hectares) is desert. The region has no rivers, rainfall is poor, humidity is extremely low and sandstorms are an almost daily occurrence.

Vegetation is almost nil. The subsoil water table varies from 50 to 80 metres below ground and, in areas where water is obtainable, it is brackish and unfit for irrigation or human consumption.

Forests cover 1.5 million hectares of the state and another 14.3 million hectares are under rain-fed crops. Only about 2.1 million hectares are irrigated — 55 per cent from dug wells, 35 per cent from a public canal system and 10 per cent from tanks and reservoirs.

The mighty Rajasthan project, 449 kilometres long, hopes to irrigate a further two million hectares, enabling the production of an additional three million tons of food crops and 3.5

million tons of fodder for the state's cattle industry.

For the US\$220 million spent in the first stage of construction, the World Bank furnished a loan of over US\$24 million to the Indian government. For the even bigger second stage, India has earlier obtained a promise from the Shah of Iran of Iranian financial aid for the project.

The loan was supposed to have been repaid annually with grain produced from the area amounting to 80 per cent of the total production.

But with the change of government in Teheran, India sought other foreign lending agencies. The International Fund for Agricultural Development (IFAD) came to the rescue.

IFAD president Abdel Muzhin Al-Sudeary, who recently visited Jaipur, the capital of Rajasthan, feels the area has the right potential and suits the development requirements of IFAD.

Indications available in Delhi point to the possibility that India will be granted a US\$465 million loan from the Geneva-based agency.

The search for water to transform the great Thar Desert, lying useless for centuries, into lush fields and productive orchards actually took shape soon after

India's independence.

In 1951-53, the foundation of the canal system was laid with the con-

struction of the Hakra headworks in the northern water-rich state of Punjab. The preparation of the project cost estimates was undertaken by the Central Water and Power Commission.

It recommended the construction of the main canal from Harike up in the Punjab to Jaisalmer in Rajasthan.

At this stage, negotiations were also begun with Pakistan for the utilisation of the Indus River as a water source. After almost a decade of discussions, the Indus Water Treaty of 1960 was signed, entitling India to the free use of the waters of the Ravi, Beas and Sutlej Rivers.

Stage II of the project, which has already been started, will see the completion of the Rajasthan main canal from its 100th kilometre to the end. It will entail the digging of 4,000 kilometres of branch, distributory and minor canals to irrigate about 0.76 million hectares.

The compound area development project for Stage I, understandably proud of its achievement, reported that no other irrigation project in the whole of the sub-continent has opened such vast areas for food production, developed large areas of desert, created so much jobs and effectively arrested the march of the desert than the Rajasthan project. — Depthnews.

WHEAT PILES UP IN PUNJAB, HARYANA

Madras THE HINDU in English 20 Jun 79 p 1

[Text] Chandigarh, June 19. The bumper crop of wheat which Punjab and Haryana have reaped this season is not an unalloyed blessing for the officials of the two States. Theirs is the problem of plenty: where to store or how to dispose of the surplus foodgrains procured for the Central pool.

Both States have already exceeded their target for the year: Punjab its 40 lakh tonnes and Haryana its 12 lakh tonnes, and farmers continue to unload stocks in the mandis.

The storage capacity in each State being manifestly inadequate, the only solution to the problem is regular movement of sufficient quantities of the procured foodgrains to the States for whom they are intended. But the elaborate plans and programmes to take them out by rail every fortnight have gone awry for one reason or the other--mainly due to labour problems and to similar difficulties affecting loading and unloading of wagons.

The result is that huge piles of wheat are lying in the open. With the monsoon less than two weeks away, this is not a pleasing prospect.

With the Chief Ministers of the two States and their Cabinet colleagues pre-occupied with the politics of power, the entire burden of arranging storage and movement has fallen on the administrative staff who are finding the job nerve-racking.

School and college buildings which are now empty because of the summer vacation, are being used for storing wheat stocks. In fact, in Haryana, schools closed for summer holidays a week in advance.

Punjab can cope with the problem provided not less than six lakh tonnes--as agreed upon by the Railway Board--are taken out of the State every month by rail. The total quantity of wheat and rice lifted from Punjab during April was 5.12 lakh tonnes. But the tally came down to 3.50 lakh

tonnes in May. The performance during the first fortnight of June is believed to be no better. The allocation made to Punjab for the second fortnight of the month is 2.63 lakh tonnes. The backlog is mounting.

The State's Food Minister, Mr Harbhajan Singh, has expressed his dismay and concern to the Railway Minister, Mr. Madhu Dandavate. Mr. Harbhajan Singh has said that if movement of procured foodgrains is not stepped up, Punjab will be forced to hold for other States one crore tonnes of wheat and rice by 1984 with surplus storage capacity available by that year meeting only 25 percent of that quantity after providing for consumption within the State. At present, Punjab's annual production of foodgrains is of the order of 65-70 lakh tonnes.

In Haryana, about 10 lakh tonnes of procured foodgrains await lifting. Stocks have piled up for want of adequate and regular movement by the railways. The allocation made to the State for the second fortnight of June is 55,000 tonnes. After offsetting a backlog of 35,000 tonnes, the effective offtake as per the original schedule will be only 20,000 tonnes.

While Punjab and Haryana are faced with the problem of surplus stocks, some of the eastern and southern States like West Bengal, Orissa, Bihar and Tamil Nadu are pressing for more stocks of wheat to meet the demands of consumers.--Our Correspondent.

CSO: 4220

INDIA

BRIEFS

JUTE MILL NATIONALIZED--The union cabinet has decided to nationalize the National Company Limited, Calcutta, which is the country's largest jute mill. The management of the company was taken over by the central government in July 1976. The company was running in heavy losses which reached 125.5 million rupees at the end of October 1977. [Text] [Delhi Domestic Service in English 0240 GMT 4 Jul 79 BK]

MNF UNLAWFUL--The Mizo National Front [MNF] and its allied organizations have been declared unlawful. The leader of the front, Mr Laldenga, has been taken into custody in Delhi. Announcing this, the union government said, the MNF, whose aim is the secession of Mizoram from India, had issued notices to all non-Mizos to quit the union territory by the first of this month. In a bid to enforce the notice, its members have taken recourse to violence and murder. In view of the repeated attacks of violence and attacks by the armed groups of the so-called Mizo National Army on the security forces and the civilian population, it has been decided to declare the MNF and its associate bordies as unlawful with immediate effect. Among the associate organizations declared unlawful is the so-called Nizo National Army. Mr Laldenga, was produced in a court and was remanded to police custody for three days. He was charged with sedition, secession and waging war against the country. It may be recalled that the MNF had signed an agreement on the first of July 1976 accepting Mizoram to be an integral part of India. They also conveyed their resolve to accept a settlement of all problems of Mizoram within the framework of the constitution of India. They also agreed to give up violence and surrender all arms. However, they had not taken any step to implement this decision and had instead put up obstacles to the implementation of the agreement. Violent activities by them had continued and seven of them occurred after the quit notice to non-Mizos. A PWD [Public Works Department] and two CRP [Central Reserve Police] constables were killed in the recent incidents. [Text] [Delhi Domestic Service in English 1530 GMT 8 Jul 79 BK]

MIZO MEMBERS APPREHENDED--In Mizoram, security forces have apprehended about 120 persons belonging to the outlawed Mizo National Front and its armed wing including a self-styled lieutenant colonel and a self-styled major. In the extensive searches conducted in the last 48 hours they also recovered a large number of weapons and explosive material. Meanwhile an official spokesman has asked the people to intimate the nearest booth of the security forces if any rebel enters their villages. [Text] [Delhi Domestic Service in English 0830 GMT 9 Jul 79 BK]

EXPORTS TO USSR--The Soviet Union is to buy finished cotton goods worth 190 million rupees from India. A contract to this effect was signed in Bombay yesterday. It was signed by the director of a Soviet export and import firm and representatives of over 10 Indian export houses. [Text] [Delhi Domestic Service in English 0240 GMT 10 Jul 79 BK]

JANATA MEMBERS RESIGN--Seven more Janata members of the Lok Sabha have resigned from the party. They are Mr Chandrapal Singh, Mr Chandan Singh, Mr Mandhar Lal, Mr Rashid Masood, Mr Ghulam Mohammad, Mr Liaqat Hussain and Mr Sayeed Murtaza. In a joint letter to the speaker they have asked for allotment of seats with the Janata Party-Secular. With this the number of members who have resigned from the party during the last 3 days has gone up to 34. This brings down the strength of the party in the Lok Sabha from 301 to 267 [of the total of 543 with 5 vacancies]. The general secretary of the Janata Parliamentary Party, Dr Murli Mandhar Joshi, said today that 9 members of the Akli Party are members for all practical purposes. Thus, the party still has the working strength of 276. [Text] [Delhi Domestic Service in English 0730 GMT 11 Jul 79 BK]

CSO: 4220

VILLAGERS FLOCKING TO PARLIAMENT SEEKING REDRESS

Kuala Lumpur BUSINESS TIMES in English 24 Apr 79 p 17

[Article by Isa Ismail in Jakarta]

[Text]

INDONESIA'S modernistic and spacious Parliament building seems increasingly a magnet these days for a stream of shabbily dressed people carrying dog-eared folders and seeking redress for grievances.

For many of them it is their first visit to the capital, and they have never before walked on marbled floors and carpets, or ridden in a lift.

They come to the central Parliament because — they say they have failed to get any responses to their complaints at local and regional levels.

Scores of petitions and protest notes are handed in regularly at regional Parliaments and to administration chiefs calming gross infringements of citizens' rights.

A Parliamentary spokesman in Jakarta said most of the complaints involved land problems, with allegations that local authorities pressured villagers into selling their land at fixed low prices for estate development or government projects.

Some of these land cases have been pending for five years or more, and the Suharto government's apparent slowness to act has persuaded the rural people to come to what they believe is the seat of power seeking justice.

The Speaker of the 460-seat Parliament, Lieutenant-General Daryatmo, said he was keeping the Parliamentary door wide open for the people.

"It will not make any effort to dissuade them from coming. It is good for the people to have the courage to come here in the first place. Then, maybe later on, I will discuss this problem

with regional Houses of Representatives, the Home Ministry and other related agencies," General Daryatmo said in an interview.

Admiral Sudomo, chief of the National Security Command (KOPKAMTIB), has said that most of the land cases brought to the attention of the central Parliament have political overtones, but the general did not agree.

"I do not have any data that the cases brought to Parliament have any political motivations," he said, "For me that is not the problem."

General Daryatmo said if the people were discouraged from consulting their representatives in the Legislative Assembly they might take other steps to voice their dissatisfaction — "like engaging in demon-

strations."

And if their frustrations were not properly channelled, their feelings would turn into apathy.

A spokesman for Parliament said the people, most of them villagers from remote parts of the country, started coming — last August and the flow has continued for more than eight months.

In addition, countless letters filled with complaints about alleged arbitrary decisions by local authorities in settling land and related cases were being received by Parliament every month, he said.

The villagers' trips to Jakarta resulted in the reopening of some cases — but they also led to a number of villagers being arrested by local police on their return home, where they were subjected to lengthy interrogations and pressures.

Last week six people were released after being detained on charges of slandering a village head, a former police officer.

The six villagers, from Angsana in West Java, accused the village head of illegal land seizures, embezzlement of funds to build elemen-

tary schools, forcing people to work without pay at his private plantations, and levying illegal taxes to pay for pilgrimages to Mecca by his wives.

A Muslim Member of Parliament said recently that he was reminded of the fate that befell people who dared to report their grievances to the authorities during Dutch colonial times in Indonesia.

"There is a similarity between what is happening now and what used to happen during the Dutch times," Mr Amin Iskandar told reporters.

P said that in that period, villagers who dared to report wrong doings by local authorities to their superiors would be interrogated and strongly censured while the core of the problem was never discussed.

"These kind of practices are apparently still being carried out," Mr Iskandar said.

The chairman of the Greater Jakarta Assembly Parliament, Darmo Bandoro, admitted there were sometimes difficulties at local levels but told newsmen, "do not say there's a credibility crisis for the local Parliament. That would be too extreme."

— Reuter.

TRANSMIGRATION PROJECTS GAINING IN POPULARITY

Kuala Lumpur BUSINESS TIMES in English 1 May 79 p 17

[Excerpts]

INDONESIA's transmigration project, after almost four years of lacklustre growth, appears today to have finally caught on with the local rank and file and is well on the way to making a contribution towards easing the population pressure in the country's overcrowded heartland.

In fact, if the mountain of applications requesting inclusion in the next batch of transmigrés is any indication, then the programme, which is intended to ease the nation's overcrowding problem while boosting food production on the side, is indeed a rousing success.

According to project officials, the number of requests has forced the temporary suspension of applications and many applicants had been told to come back when the backlog has been cleared.

And to further prove that the project has really gained acceptance, it has been found out that not all requests came from farmers alone; records showed even professionals like teachers, engineers and mechanics have shown interest in pulling up stakes and resettle in the government lands.

Indonesia launched the project primarily to lure farmers from the populous islands of Java, Bali and Madura to the relatively virgin islands

of South Sumatra. To make the bid more enticing, the Government, with aid from the United Nations Development Programme (UNDP), provided each settler with a hectare of ready-for-cultivation land. In addition, each family was also given free seeds, farm implements and liberal credit facilities. A wooden house, also given free, completes the whole package.

At first, implementation of the plan hasn't been up to projections. For one thing, families were reluctant to leave familiar surroundings, relatives and friends and move to an isolated area to take a chance at finding a better life.

For another, most of the farmers generally had no idea of what to find in the new lands, or if such lands would be for the poor only.

But gradually village leaders and implementors managed to win over some farmers to take the gamble and the movement began. The Government lavished aid and assistance on the pioneering settlers to help tide them over the initial hard times. Every possible support extended was aimed not only to raise food production but also to increase the new farmers' ability to renovate or revivac his way of life in line with the development of his new surroundings.

Such efforts were directed at the transmigration project at Pematang Panggang and six others in South Sumatra. The Pematang project is inhabited by 3,600 migrant families hailing mostly from Java's various regions. Not all of them were poor farmers before they moved over.

Let us have a closer look at Pematang Panggang. Different production facilities, from seedbeds to marketing sites to farm implements, are evident. There are also health services and a village meeting house. The fruits from former virgin lands and the harvests of each farmer are everywhere and settlers have been feeling more and more at home in their new surroundings.

Let us meet young farmer Karno who is also an elementary school teacher by profession. He was openly satisfied with his new place and expressed no desire to return to Java. Even if someone offered him one million rupiahs (about M\$3,537) for his fertile field and simple dwelling, he said, he would readily reject it.

The project has attracted volunteers, a phenomenon unknown during the early years of the undertaking. About 500 families have so far informed transmigration officials that they would willingly pay expenses out of their own pockets

if the Government would only allow them to resettle in Pematang.

These people are the so-called spontaneous migrants. It is expected that this category of migrants will greatly increase in number in the future. Those allowed to migrate were being accommodated by earlier migrants, who share their homes and their lands with the newcomers until the latter get their own.

Work opportunities are being opened up which would be of special benefit to those with certain skills. Also, some who carry on certain trades will be allowed to ply them, something which would make the whole settlement a self-sustaining project.

Project officials, although elated by the positive turn of events, still have one more plan up their sleeves to attract more migrants. They are considering the organisation of group tours to the model settlements and inviting village group leaders in Java to observe firsthand the developmental work being done in the new lands.

Such service tours, project officials believe, would enable the village headmen, as well as the folks back home, to reconsider their wrong concepts of transmigration and take up new, positive attitudes.

Depthnews.

DELAY IN SPENDING WORLD BANK LOANS

Kuala Lumpur BUSINESS TIMES in English 11 May 79 p 1

[Text]

JAKARTA, May 10

THE World Bank mission here has blamed lack of skill and experience in handling big projects on the Indonesian side as major factors in slowing down spending of the bank's loans which for the past ten years have totalled US\$1.80 billion.

In a talk with Antara News Agency, director in Indonesia of the World Bank Jean Baneth disclosed that of this total only US\$870 million had so far been disbursed.

The same is true, though to a lesser degree, with loans provided by the International Development Association (IDA), an affiliate of the World Bank, which has approved US\$200 million in loans to Indonesia, of which US\$496 million has so far been appropriated.

Mr Jean Baneth also said the administration processes here "are not always as good as we wish," but added the de-

lays did not warrant any worry and should not diminish the usefulness of the projects.

On the whole, he considered implementation of the bank's and IDA's credits in Indonesia as comparing fairly well with the bank's general experience in Asia and other parts of the world.

Turning to the possibility of leakages in use of the bank's loans, as recently reported by a section of the Press, he pointed out that with the bank's procedures for competitive bidding and frequent on-the-spot inspections by bank officials it would be very difficult to divert credits.

The interview was ~~given during the~~ scheduled visit here from May 10 to 18 of World Bank president Robert McNamara.

The World Bank and IDA have issued loans to help finance a wide range of projects, from urban "kampong" betterment to development of small indigenous industries. — AFP.

CSO: 4220

INDONESIA

FOOD SHORTAGE REPORTED ON SUMBAWA ISLAND

Jakarta SINAR HARAPAN in Indonesian 3 Apr 79 p 3

[Article: "Food Shortage in Dompu, West Nusatenggara, Due to Ill-timed Planting"]

[Excerpts] Food shortages have affected several villages and the three subdistricts of Kampo, Kilo, and Hu'u in the second level region of Dompu, West Nusatenggara. They occurred in Banggo and Knote villages in Kampo Subdistrict, in Lasi village, Kilo Subdistrict, and Jambu and Adu villages, Ku'u Subdistrict.

According to data obtained by SINAR HARAPAN, the food shortage in Dompu affects 498 families or 2,511 persons.

A SINAR HARAPAN correspondent who toured Kesi and Konte villages on Tuesday, 27 March, reported that their 318 inhabitants had not eaten regularly for 3 months. They ate a type of yam (tree root) and anything else they could find. Meanwhile, some searched the forests for honey to sell in the city at 300 rupiah per beer bottle full. The yams are pounded into meal from which an edible gruel is made.

M. Nur Baco, the Konte village chief, has helped some of the inhabitants of Kesi by offering rice and paddy he had available free or on loan. Two of his rice barns were emptied in the course of aiding the people of Kesi.

According to our information, the inhabitants ordinarily cultivate fields in the wild. They burn the forests because they own no land and despite the subdistrict government having set controls on forest preservation. They thus obtain fields for cultivation.

Still, they apparently are unaccustomed to cultivating rice, for they made mistakes in timing when paddy should be planted.

They usually planted paddy in dry fields in February and did so in their fields in the wild, but no crops were produced because there was little rainfall. The paddy planted in January, however, is still expected to produce a crop.

6804

CSO: 4213

INDONESIA

IMF REPORTS ON FOREIGN EXCHANGE RESERVES, BALANCE OF PAYMENTS

Jakarta SINAR HARAPAN in Indonesian 7 Apr 79 p 11

[Article: "Foreign Exchange Reserves Estimated at \$2.7 Billion as of the End of March 1979"]

[Text] It is estimated that Indonesian foreign exchange reserves will reach more than \$2.7 billion as of the end of March 1979, while the balance of payments position exhibits growing strength because foreign exchange reserves in the hands of commercial banks continue to grow.

The International Monetary Fund (IMF), in its report on the latest developments in the Indonesian economy at the 22nd IGGI [Intergovernmental Group on Indonesia] conference in Amsterdam, declares that the Indonesian balance of payments recorded a surplus for 3 successive years up to the 1978/79 budget year. Foreign exchange deposited in commercial banks meanwhile rose by \$400 million in 1977/78 and rose again by \$115 million in 1978/79.

The Indonesian balance of payments position has been strong during almost all years of REPELITA II [Second Five-Year Development Plan] though there were occasional difficulties as during the Pertamina crisis and the weakened demand for primary exports felt during the world recession of 1974/75.

The past 3 years' surplus reflects the rather large-scale recovery of the Indonesian balance of payments. During the budget years 1976/77 and 1977/78, official foreign exchange reserves rose \$1.001 billion and \$651 million, respectively, and for fiscal 1979 it is estimated that they will show another rise of \$479 million.

Official foreign exchange reserves rose from \$1.557 billion in March 1977 to \$2.208 billion in March 1978 and to \$2.58 billion toward December 1978. Based on 1978/79 estimates, foreign exchange required for imports during the succeeding 3 1/2 months also rose.

Growth Lessening

Although it is thought the balance of payments will continue to show a large surplus in 1978/79, there was a downturn in the total surplus between

the end of 1977 and November 1978. This indicates a lowered growth rate for international foreign exchange reserves during this period.

Oil and non-oil exports demonstrated a relatively rapid rise in fiscal 1978. This began to be visible in the preceding year following the economic recovery from the serious world recession in 1975.

The increase in exports offers a far better offset to the fast growth in imports and thus reduces the deficit in the existing balance of payments.

On the one hand, less capital was invested during the review period. This reflected increasingly large debt payment, including payments on medium-term debt of \$200 million. On the other hand, the total foreign exchange held in banks rose more than \$1 billion.

Official estimates for 1978/79 show a growing unfavorable balance, and these projections also show total oil revenue is about the same as that for the previous year. However, real income from oil in the first three quarters of that year shows a downturn from the previous year's level.

Increased non-oil export revenue, which principally reflects recovery in export prices up to that year and the decline in the growth of imports, balances the drop in oil revenue.

However, estimates of the surplus balance are lower than the figures for earlier years. The fact that changes in export revenue are no longer determined by the growth of oil and non-oil exports which depend greatly on world market developments, has very important implications.

It was such changes in the balance of payments situation that caused the government to undertake the 15 November policy devaluating the rupiah against the dollar.

6804

CSO: 4213

INDONESIA AIMING AT SECOND PLACE IN WORLD TIN PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 8 May 79 p 17

[Excerpts]

INDONESIA is now the world's third largest tin-producing nation and is pursuing a policy of expansion, both inland and offshore, that could see her overtake Bolivia as the world's second largest tin producer within a few years.

Less than 8 per cent of Indonesia's labour force is employed in mining and manufacturing, and less than 2 per cent of its land area is allocated to tin mining.

Yet tin is the country's major metalliferous resource with export earnings more than double the combined receipts from copper, nickel and bauxite. Overall, the ranks fifth behind oil, forestry products, rubber and coffee among Indonesia's major export commodities. Though now overshadowed by oil, tin remains an important pillar of the country's economy.

In August 1976, the Indonesian state tin corporation, PT Timah, was changed to Perusahaan Terbatas Tambang Timah, or P.T. Timah. Whilst still a state entity, it functions as a limited company and it may now borrow from overseas money markets, as well as free to invest in complementary or even non-tin-related projects such as dredge bucket manufacture in Singapore, bauxite in Singapore or pepper and cloves on Sumatra and Belitung, and is broadly vested with a far greater autonomy in the conduct of its operations.

But PT Timah's prime ac-

tivity is the administration of the five tin production units of Bangka, Belitung, Singkep, Mook and Sangkraning.

President-director of PT Timah's board of management, Major Abdul Rachman Ramly, has committed the organisation to an expansionist policy. Among the mining commodities, tin is the most profitable, he points out, and by means of increased exploration, new mining techniques and fresh capital investment, including overseas capital, the

industry will expand.

The productivity of the 27,000-man labour force is improving steadily and is now nearing one tonne of tin metal a year, double the level of a decade ago. This is in line with PT Timah's twin goals of maximising productivity and making the industry competitive.

Dr Sataryo Sigit, a geologist by profession and long-time Secretary-General of Indonesia's Ministry of Mines, considers that Indonesia's tin mining industry should be expecting notably higher production than at present.

Commenting on the desirability of PT Timah diversifying its operations, Dr Sigit suggests that dependence on one commodity alone is dangerous. Recent geological mapping of Northern Sumatra indicates lead, zinc and copper mineralisation, opens new mining opportunities to PT Timah.

As director of exploration, research and development, Mr Marangko Simanungkalit faces the problems of increasing exploration activity both onshore and offshore, overcoming the existing limits to dredging at depth, and ensuring that development remains one step ahead of ore depletion to guarantee resource adequacy.

As financial director of PT Timah, Mr Sutopo's main job is to draw up a budget based on the ministry's plan of operation. He is responsible for vetting recommended wage increases for the tin mining labour force and for the day-to-day management of the industry's finances.

The major financial factors of immediate concern are the construction of new dredges, rehabilitation of the existing dredge fleet and new generators for the power plant. Because of improved tin prices, there are plans to speed up the dredge rehabilitation programme. There is also the need to meet electricity requirements, both for the tin industry and for the people. Although the industry has expanded rapidly in this decade, from under 20,000 tonnes of tin in 1971, to 24,000 tonnes in 1977 and an estimated 30,000 tonnes in 1979, PT Timah's director of production and technical services, Mr Uju Suparta, feels that there is scope for considerable improvement in trying to secure optimisation of production.

Production incentives, such as overtime or bonus payments, could stimulate tin output whilst an aggressive diversification policy, funded with outside capital where necessary, could develop PT Timah's non-tin interests in such areas as pepper, cloves, bauxite and tourism.

PT Timah provides its own back-up services and keeps a big store of spares. This ties up an unnecessarily high amount of capital. Mr Suparta that in future, small outside workshops will provide back-up services to the mining industry.

Marketing director, Mr Sirman Widiatma, looks for a substantial capital investment programme in Indonesia's tin mining industry to underpin its continued growth. He feels that there will be no expansion unless they go offshore.

The minimum output this year is expected to be 20,000 tonnes. Thereafter, he is hopeful that production will expand at least in line with the 4 per cent per annum planned growth forecast in the Third Five-Year plan which began in April this year and in the 10-year corporate strategy for PT Timah begun this year.

OPERATION ORDER NETS CORRUPT OFFICIALS

Kuala Lumpur BUSINESS TIMES in English 1 May 79 p 6

[Article by Kenneth Whiting in Jakarta]

[Text]

INDONESIANS who suspect misdeeds by public officials or other corruption in government are invited to mail their information to Post Office Box 999 here.

They may sign these letters or remain anonymous. The corruption fighters who empty box 999 promise to protect the identities of tipsters.

About 40 letters are received each day alleging fraud, embezzlement, abuse of authority and other irregularities, one official said.

Box 999 is part of operation order — or "Opstib," from its Indonesian acronym — which has been battling corruption for 21 months.

Opstib is Indonesia's 10th anti-graft campaign in 13 years and the most successful, judging by published reports of ar-

rests and prosecutions. However, some critics say mostly small fry are nabbed while hanky-panky in high places remains untouched.

Many of those who are charged manage to avoid conviction with the help of crooked court officials. Deputy Attorney General Baldili Sastrawijaya said earlier this year that action had been taken against 270 prosecutors for abusing their authority. Eight judges were dismissed last year.

There is no official estimate as to how much money goes astray in shady deals. Saadli declared "US\$20 million (about M\$164 million) is known to have been misappropriated or stashed away by officials during the past five years.

Mashuri, the deputy speaker of Parliament,

said recently that foreign aid granted Jakarta is subject to systematic "leakage," the current euphemism for misappropriation.

"That there are leaks is certain. The government has admitted it. Parliament has often discussed it. Even the public is aware of it. But as to the amount, I don't know for sure," Mashuri told reporters.

Corruption is not new here. It dates back to colonial or even pre-colonial times, when sultans and other feudal lords customarily rewarded loyal henchmen by granting them official powers they could use for personal gain.

When the Dutch East India Company held sway in what was then the Netherlands East Indies, company executives were actually

expected to turn a living by exploiting their positions for their own benefit.

In the Indonesian context, many people to this day do not regard exploitation of official positions as an offence.

Attorney General Ali Said says it's a question of mentality: "What I mean is, there is a widespread willingness to give bribes and a matching readiness to accept them. This shockingly weak mentality has raised this problem to national proportions."

Admiral Sudomo, hand-picked by President Suharto to lead Opstib, estimates it will take five to 10 years to clean up this country of more than 140 million people. Others regard his forecast as overly optimistic.

Sudomo also is deputy commander of the

armed forces and boss of the powerful security command known as "Kopkamtib," an extra-constitutional body set up to deal with subversion after the communist coup attempt in 1965.

He launched Opstib in July 1977 by cracking down on "pungli," or illegal levies which lined the pockets of relatively minor civil servants involved in taxation, customs, immigration and other government branches.

Besides pungli, the Indonesian vocabulary of graft includes these common tip-offs:

- "Ngompreng" refers to the use of government vehicles or other equipment by civil servants for outside jobs during office hours.

- "Catut" is involved when a government clerk collects 500 rupiahs (about M\$1.70) for a permit that is priced at only 300 rupiahs (about M\$1.00).

- "Uang semir" is lubrication money or, in the words of an American businessman, "facilitation payments."

The businessman, who asked that he not be identified, said all these practices are deeply entrenched, hallowed by tradition and probably unavoidable until recent years because of inadequate government salaries. Wage increases and improved pensions are supposed to have eliminated one cause of corruption.

Opstib uncovered corruption involving 4.2 billion rupiahs (about M\$22.2 million) in 1977 and 29 billion rupiahs (about M\$153 million) last year. A larger staff and additional funds

were budgeted for Sudomo's team this year.

The level of graft sometimes seems to be increasing instead of decreasing. One diplomat suggests this is probably because of the publicity given Opstib. When the campaign seems to lose momentum, fresh swindles are reported.

Rigged electricity and phone bills and overpriced equipment cost the Foreign Ministry 435 million rupiahs (about M\$1.5 million) it was announced last month.

Sudomo's deputy said in February that 4,743 officials had been detained since the drive started. He said in January alone 191 had been seized, 44 of them to face trial and 147 given administrative punishment.

Lieutenant General Siswaji, one-time deputy national police chief, is the highest-ranking person caught so far. A military tribunal found in December that he and three other officers embezzled nearly five billion rupiahs (about M\$26.4 million). They were fined and imprisoned, with Siswaji getting an eight-year sentence.

Opstib differs from earlier, mostly abortive clean-up efforts in that candid assessments of the problem have been issued by Suharto, Vice-President Adam Malik and other leaders.

The basis of the problem is obedience to the law. "We shall never arrive at a solution to the problem of corruption before we make sure that the law is respected," Malik told the weekly *Tropics* magazine. — AP.

CORRUPTION CONTINUES DESPITE EFFORTS OF OPERATION ORDER

Kuala Lumpur BUSINESS TIMES in English 30 Apr 79 p 6

[Article by Soeharjono in Jakarta]

[Excerpts]

EVERY Indonesian agrees that both the government and the people should overcome the present unrest prevailing in the community, but they do not seem to know where to start.

The main cause of the growing unrest is in effect the widening gap between the poor and the rich, particularly at present when prices are soaring as a result of some monetary and fiscal measures, such as the rupiah devaluation, import duty rises and tax reforms.

The low purchasing power of the common people, the uncertainty among businessmen and the tendency towards increased inflation have added to the hardship suffered by the masses.

The government is apparently well aware of the current situation, but it maintains that the problems have to be faced to achieve what it calls a better future.

Many Indonesians still have a fresh memory of the violent anti-government student

demonstrations, known here as *Malari*, in 1974 in which dozens of people were killed, which appeared to have not been foreseen by intelligence estimates.

Malari proved that a burning issue under the nose went unsighted and the government realized what was happening only after it had exploded into violent rioting by the poor against luxurious life in which beggars burned down steam-bath parlours, nightclubs and poor traders destroyed big shopping centres at Senen suburb.

An apparent prejudice was unmasked against the powerful anti-corruption agency (*Opstib*) by leading parliamentarian Dr Rachmat Muljomseno who called on the government to announce the budget and spending of *Opstib*.

Dr Rachmat, former Trade Minister, said the people would feel relieved if they could follow how much *Opstib* had been spending so that they can make a comparison with its achievement.

The general state of corruption in Indonesia appears to have remained unchanged since *Opstib* was set up nearly two years ago.

Many people have been complaining that corruption has staged a comeback in some offices where *Opstib* has just completed its job.

It costs now some 220,000 rupiahs (about M\$880) to fix a land certificate and over 300,000 rupiahs (about M\$1,100) for a construction permit from the Jakarta municipality, while before *Opstib* the going price was only half that much, according to people queuing at the West Jakarta mayor's office to get the certificates.

Former vice president Mohammad Hatta once made the harsh remark that corruption had become a culture of some Indonesian officials. Many observers agreed as it is known that quite a few officials might not be able to survive without "*Ngobayek*" (the Indonesian word for seeking business to get extra income to supplement low wages, which

they usually do through corruption).

However, President Soeharto is striving hard to disprove Mr Hatta's assumption saying that corrupt Indonesians are just a small part of the nation.

Deeply rooted graft among government officials could spark off deeper unrest unless President Soeharto agreed to take drastic measures against his corrupt assistants, observers said.

The observers suspected that the poorly paid officials had other sources of income.

The President's brother Probosutedjo, a businessman, said recently in Medan, North Sumatra, that there should be no suspicion if businessmen were rich but government officials should be suspected if they became rich suddenly because of their fixed monthly salaries.

The observers were in agreement that the primary threat facing Indonesia was from within, namely the unrest among the youngsters

FIVE MAJOR PROJECTS FOR PULP, PAPER INDUSTRY

Kuala Lumpur BUSINESS TIMES in English 24 Apr 79 p 17

[Text]

INDONESIA will launch five major projects within the next five years to boost its pulp and paper industry.

The total investment for the five projects — two in East Kalimantan, and one each in Aceh (the northernmost province in Sumatra), central Java and South Kalimantan is estimated at US\$1.1 billion (M\$2.42 billion).

In line with its policy to diversify the use of forest resources, Indonesia which has been rapidly increasing its imports of pulp in recent years — plans to be self-sufficient in writing and printing paper by the end of the third-five year plan which began on April 1.

It also sees the possibility of having a surplus for export by that time.

Indonesia's present demand for paper is approximately 600,000 tons a year, of which 148,000 tons is being supplied domestically. By the end of the fiscal year 1983/84 (the end of Third Repelita), it is estimated that the demand will reach 679,600 tons.

Domestic mills are already supplying 90 per cent of the demand for

writing and printing paper, but newsprint and sack craft paper — mainly for cement bags — is imported. Most of the domestic paper mills are located in Java, using rice straw, bamboo, waste paper and imported pulp as raw materials.

For the next five years, priority will be given to proposals for mills which will produce pulp, newsprint and craft paper.

The five projects already earmarked for development, and for which various forms of investment participation are sought are:

Acheh: In the Takengon area, to produce 80,000 tons per annum of multiwall sack paper and 70,000 tons per annum of liner board, using Pinus Merkusi as raw material, with the possibility of pulpwood plantation development in the future.

Estimated investment is US\$185 million (M\$407 million) and the project is being promoted by P.T. Alas Helau, an Indonesian company.

Central Java: At Notog, it is intended to

produce initially 80,000 tons per annum of newsprint (with the possibility of expansion), also using Pinus Merkusi as raw material. The estimated present total area of 40,000 hectares will be expanded by additional planting to 80,000 hectares (197,600 acres).

Estimated investment is US\$80 million (M\$178 million); P.T. A.K.A., an Indonesian company will build this in a joint venture with a foreign company.

South Kalimantan: This is to be a project with two alternative production plans, the first being to produce 20,000 tons of bleached kraft paper per annum, the second to produce 147,000 tons of kraft and 82,000 tons of wood-free fine paper.

Raw material would be the existing tropical hardwoods and Dacrydium, and the possibility exists for the development of a pulpwood plantation to ensure long-term raw material supplies.

The estimated cost of the alternative one is US\$282 million (M\$676 million) and alternative two, US\$350 million (M\$720 million).

The promoting company is P.T. Sopromar, a joint venture between an Indonesian company and a French company.

East Kalimantan: At Berau, Seayap, it is hoped to produce pulp, paper, sawn timber, plywood, veneer, and wood chips. Capacity (per annum) will be 84,000 square meters of sawn timber, 30,000 square meters of plywood and veneer, 180,000 tons of pulp, 100,000 tons of paper and 175,000 tons of chips for export.

Construction will begin in 1980, with commercial production commencing in 1984. Total investment will be US\$380 million (M\$792 million), and equity capital is estimated at US\$100 million (M\$220 million).

The project is being promoted by the Australian government and will

be a joint venture between P.T. Inhutani of Indonesia, and an Austrian firm, an international finance company with possibility of Saudi Arabian participation.

East Kalimantan: In P.T. Kayan river's concession area, a pulp and paper mill is to be built. When a feasibility study was made in 1978, it proposed a capacity per annum of 35,000 tons of white paper, 30,000 tons of solid bleached board, 30,000 tons of corrugated medium fibreboard and 40,000 tons of pulp, with tropical hardwoods as the raw material.

The 1978 study showed that the project was not attractive at that time, and it was postponed until 1980. Estimated investment is US\$182 million (M\$400 million). The area, of about 800,000 hectares (1.43 million acres) is now managed by P.T. Inhutani.

While stepping up measures to boost the domestic pulp and paper industry, the government has also introduced measures to promote greater utilisation of Indonesian timber.

As from April 1, this year, export of logs has been limited to ensure that 60 per cent of logs are supplied for domestic use.

Previously only 40 per cent of Indonesian logs were processed locally and the rest exported as logs.

According to the Agriculture Minister, Professor Sudarsono Hadisaputro, the new measure will help the government to ensure a stable price of domestic timber.

It will certainly encourage the export of more processed timber and opens more opportunity for the setting up of more timber processing factories while those in existence will be able to increase their work shifts.

Indonesia exported US\$1,000 million (M\$2,300 million) worth of timber last year of which US\$900 million represented the sale of logs.

INDONESIA

PLANNED SITE OF ALUMINA PROJECT MAY BE CHANGED

Jakarta SINAR HARAPAN in Indonesian 5 April 79 p 11

[Article: "Alumina Project Site To Be Moved From Bintan to Juala Tanjung"]

[Text] The government is currently weighing the question of changing the site for the construction of the alumina plant, earlier planned for Bintan Island, to Juala Tanjung, Asahan Regency.

Department of Mining representatives told SINAR HARAPAN on Wednesday [4 April] that changing the site of the plant was stirred by estimates that investment costs for building the project could be expected to be less than those planned earlier if the site were changed.

The Bintan alumina project all along has been expected to produce the basic material for an aluminum plant which is being built by the government in cooperation with Japan in Asahan, North Sumatra.

Originally, investment of about \$450 million was to be required for the Bintan project. Funds were expected to be obtained by the government through a loan from Kuwait, Saudi Arabia, and West Germany.

By changing the site for the construction of the alumina plant from Bintan to Kuala Tanjung, less investment is expected because electric power, port and road facilities are available in the industrial region of Kuala Tanjung.

Construction of this alumina project will remain in the hands of Klockner of West Germany.

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CSO: 4213

INDONESIA

FIGURES ON NATURAL GAS EXPORTS TO JAPAN REPORTED

Jakarta SINAR HARAPAN in Indonesian 5 Apr 79 p 11

[Article: "Arun LNG Exports Total of 2.3 Million Cubic Meters"]

[Excerpts] As of the beginning of April, 2.375 million cubic meters of liquified natural gas (LNG) had been exported to Japan from Arun.

Liquified natural gas was exported to Japan for the first time in October. In 1978 special LNG tankers were recorded as having made seven trips carrying the PT Arun product.

Twelve shipments, each in tankers carrying tonnage of about 125,000 cubic meters of LNG, were made between January and April. This means that to date Arun has sold 2.375 million cubic meters of LNG to Japan in 19 shipments. Each 125,000 cubic meters are estimated to be valued at about \$9 million.

The export data for this project were released by Engineer Oekon, PT Arun manager, to six newsmen from various important United States publications during their observation tour of Arun on Monday afternoon [2 April].

He pointed out that to date the only buyer of Arun LNG has been Japan.

He mentioned that an operational well in the Arun field will guarantee production for 20 years when the six planned processing units are constructed. Thus far PT Arun has built only three of these units, which are believed to be sufficient to meet consumer demand.

According to shipping information, 60 shipments each of about 125,000 cubic meter capacity could be made in 1979, depending on purchase orders from Japan. Arun's three processing units can not produce 600 million cubic feet a day.

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CSO: 4213

MORE RICE WAREHOUSES TO BE BUILT, NO DECISION ON SATELLITES

Kuala Lumpur BUSINESS TIMES in English 30 Apr 79 p 26

[Text]

INDONESIA with a population at 188 million needs buffer stock of 2.9 million tons of rice to ensure its ability to maintain price stability for food more effectively.

The Indonesian Logistic Board (Bulog) which is responsible for the rice stocks is now handling some 1.8 million tons. According to its chairman, Mr Bustanil Arifin, Bulog has to build more storage facilities.

India with a population of 600 million has some 34 million tons of food in its stocks, while China with a population of almost one billion has about 40 million tons of food in its stockpile.

Indonesia needs to build up its stockpile to ensure that it can maintain the price stability effectively, says Mr Arifin, who is also the Junior Minister for Cooperatives.

To stock up additional rice, more godowns are needed. At present Bulog has 383 godowns throughout the country which have capacity to store up to 1.13 million tons of rice.

Under the first phase of a development programme, Bulog is to

build 50 more godowns throughout the country covering remote places like Natuna Island and East Timor, each with a storage capacity of 1,000 tons.

The godowns will also be used to store other essential commodities handled by Bulog, such as sugar.

To build up the required stockpile, Indonesia has still to import about 10 to 15 per cent of its total requirement from the world marketable surplus which is between 8.5 to nine millions tons annually.

Bulog has the experience of buying rice in the world markets at the best time and has never been "trapped" to buy when the price was high.

At present the world price for rice is between US\$355 and US\$360 per ton. Last year's price was US\$375 per ton.

The UN Food and Agriculture Organisation has commended the rice purchasing system adopted by Indonesia which has so far not upset the world market situation.

AFP adds: The Indonesian government has not as yet decided on the type or on the supplying

firm of the two satellites it will have launched in the United States in 1983 and 1984. Minister of Communications Rosamin Nuryadin said yesterday.

An agreement for the launching of such satellites, however, has been signed recently with the United States National Aeronautic and Space Agency which plans to put them into orbit by space shuttle.

Mr Nuryadin, who had just returned from the United States and West Germany for a preliminary exploration of suitable types, said he wanted to discuss further details first with Minister of Research Prof Dr B. J. Habibie who, he said, was familiar with satellite technology and launching technique.

The new satellites will replace the ones now in operation in Indonesia's Palapa domestic communication system whose life cycle is due to end in 1983 and 1984. Malaysia, Thailand and the Philippines have in principle agreed to hire part of the capacity of the Palapa satellites for their respective communication systems.

INDONESIA ONE OF MOST GEOLOGICALLY UNSTABLE REGIONS IN WORLD

Kuala Lumpur BUSINESS TIMES in English 15 May 79 p 17

[Article by Ingo Hertel in Jakarta]

[Text]

THE death of 182 people in a volcano eruption early this year has again shown that Indonesia is geologically one of the most unstable regions in the world.

The victims of the Sinila volcano eruption in Central Java had hardly been buried in mass graves when the authorities alerted the population to the danger that two other volcanoes, both also in Java, were showing sudden activity and might erupt.

Java alone has 112 volcanoes and 15 have been listed by scientists as being active.

However, with volcanoes there is no certainty in the art of predicting how they might behave.

When Sinila, some 200 miles southeast of Jakarta, erupted on Feb. 20 it did so long after experts had classified it as being dormant and local villagers were even growing wet rice in its fertile crater.

Equally, when the biggest bang ever recorded shocked the world in 1883 it came from Krakatoa, off the West Java coast, which had been regarded as harmless because it had not shown any activity for more than 200 years.

The Indonesian volcanic belt stretches as far as the vast archipelago, 3,200 miles from Irian Jaya (West New Guinea) in the East of Sumatra in the west.

Some 500 volcanoes have been counted, 70 of them classified as "most active and dangerous."

Of Indonesia's 13,700 tropical islands, Kalimantan (Borneo) is the only major one which has no volcano.

In other words, about 17 per cent of the world's active volcanoes are located in Indonesia, which puts this country on top of the list.

International volcanologists have therefore long centred their attention on Indonesia as one of the most important regions for research.

Contrary to common belief, red-hot lava is only very rarely the cause of death and destruction when a volcano erupts, at least not unless the explosion occurs in very densely populated areas.

Much more dangerous than lava are earth tremors accompanying the eruption, ash fallout, mud flowing from the crater, floods if an explosion destroys the natural dams containing a crater lake, landslide of old lava deposits destabilised by prolonged rainfall, or giant tidal waves caused by submarine eruptions.

For instance, in the central Java disaster on Feb. 20 most of the victims were not killed by lava but by lethal gases set free in the explosion.

All sorts of protective measures have been tried to save human lives in case of an eruption. Big holes and "canals" have been dug into the slopes of volcanoes to contain and channel the

flow of lava and mud and long tunnels have been drilled through mountains to drain potentially dangerous crater lakes.

But all such measures offer only partial protection — for how can people escape a sudden violent tidal wave or how can they protect themselves against invisible poison gases they do not even smell or taste?

The only really effective protection is the total and permanent evacuation of as wide an area around a volcano as possible, but although the Indonesian government has done this in several cases this method is often impossible to apply.

This leaves constant monitoring of potentially dangerous volcanoes as a means of protection through early-warning systems.

Indonesian volcanologists say that about 130 craters in the archipelago ought to be under permanent surveillance but, in fact, only 26 are constantly being watched by experts from the Institute of Volcanology in Bandung, West Java.

The reason is lack of money and qualified personnel, according to institute officials.

Therefore, although some 70 monitoring posts have been established all over the archipelago, most are manned only sporadically.

People living near volcanoes in Indonesia will

thus continue to rely for some time on remedies used by their ancestors throughout the ages.

Following their ancient animistic religion, they will regularly offer ritual sacrifice to appease the volcano spirits.

People in West Java and the resort island of Bali, for instance, are convinced that both the Krakatoa and the Mount Agung disasters were caused by angry spirits who felt neglected by the villagers.

The Mount Agung eruption in 1963 left 1,143 Balinese dead, while the Krakatoa explosion in 1883 killed 36,417 mainly through tidal waves created when three-quarters of the tiny island collapsed.

Krakatoa has become a household name, not because of the number of victims but because its eruption was heard some 3,000 miles around and the tidal waves were recorded even in the English Channel on the other side of the globe, although by then they had been reduced to a few inches.

If Krakatoa was the biggest explosion ever recorded on earth in terms of energy released and sound produced, the largest volcano catastrophe in recorded Indonesian history in terms of victims occurred in the lesser Sunda Islands, East of Java.

There, in 1816, the Tambora volcano on Sumbawa Island erupted and killed 92,000 people.

— Reuter

INDONESIA

EAST NUSATENGARA TO BE TRAINED IN COPING WITH NATURAL DISASTERS

Jakarta SINAR HARAPAN in Indonesian 6 Apr 79 pp 1, 11

[Article: "Residents of Susceptible Zones in East Nusatenggara Will Be Trained To Meet Natural Disasters"]

[Excerpt] Those inhabitants of East Nusatenggara who live in susceptible zones are to be trained to cope and save themselves when natural disasters occur, East Nusatenggara Governor Ben Mboy noted in Surabaya on Wednesday evening [4 April].

According to the governor, the population must be trained to meet emergency situations because several disasters occur in East Nusatenggara each year.

He said East Nusatenggara has the most dense clusters of volcanoes in the world. There are some 20 volcanoes on Flores Island, which is 300 miles long. This means there is a volcano every 30 kilometers [sic]. They are 600 to 1,500 meters high. This does not take into account those which rise from the sea floor, such as Hobalt Mountain, which rose 500 meters offshore Lembata Island 2 years ago.

Further, exhalations from the erupting volcanoes often blow into this region, usually destroying crops and thus causing famine.

In the East Flores alone four disasters were recorded since November: the first was the landslide in Waikaba (Lembata Island), the second was caused by swarms of locusts on Solor Island, the third was the long drought in Adonara, and the latest was the Larantuka disaster.

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CSO: 4213

CUBAN JOURNALIST DESCRIBES VISIT TO PREY VENG

Havana BOHEMIA in Spanish 1 Jun 76 pp 4-9

[Article by Frank Hechavarria: "Lai Niep, Lai Niep!"]

[Text] In Prey Veng Province, everything has been flattened, devastated, burned, destroyed. The men we saw along our way were in rags and looked as if they had come back from the dead.

We left Svay Rieng because we had previously visited that province on the Vietnamese border. We continued on our way. It is a long journey and we would have to return to Ho Chi Minh City the same day.

Hundreds of persons moved slowly down the highway, returning to their homes, all bearing the same suffering, the same misfortunes. Today in Kampuchea, it is impossible to find a single family that has not lost half or more of its members. At the side of the road, we saw a peasant hard at work weeding a rice field. We stopped and approached him.

His name was Phan Tuong. He is 47 years old and returned home only two weeks ago. He found his house destroyed and had to devote his first days home to its partial reconstruction in order to house his family. Then he set about clearing a piece of land to plant rice. He also lost part of his family. Out of eight, only he and his wife and one son are left. Seven were buried in the mass graves of the village where they were taken.

Curiously enough, despite the fact that Phan Tuong had been a peasant his entire life, he was forced to move to Kandal Province to a commune in the region bordering on Ta Keo Province. There he remained at a forced labor camp throughout the entire time of the Pol Pot-Ieng Sary regime.

He said that he now has good living conditions -- even though he is a miserable sight and looks like a beggar -- because he has been able to fix his house up somewhat and in addition, brought enough rice with him to stave off starvation until the next crop is harvested.

We reached the Nuop Lung crossroads at about 0930 in the morning. This is the pier -- or what remains of it -- used to cross the Mekong River in

order to reach Phnom Penh, only about 30 kilometers away by Highway 1. Hundreds of persons were waiting for the ferry that would take them to the other side so that they could continue on to the vicinity of the capital of Kampuchea or the more distant provinces.

"Lai Niep, Lai Niep!"

We talked with a middle-aged man who told us that thousands of persons had been murdered near Che Kai Mountain between 1976 and 1977. Several other persons were with him and he told us that they were members of his family. His name was Lem Pel and his brother, who also took part in the conversation, was called Lem Tai.

We asked about living conditions in the place to which they were taken by the Pol Pot police.

"They were very poor," Lem Pel told us, "and the treatment we received was totally inhuman. We were always hungry. There was only broth and since they did not give us enough rice to live on, many people starved. Families could not stay together. The people in our commune were divided into classes. We belonged to the third class."

"What do you mean about classes or divisions?" we asked.

"The first class included those most loyal to the regime," Lem Tai answered, "soldiers and government employees. The second was made up of persons under suspicion and city people, and we made up the third. We were from other provinces, although there were also persons from Phnom Penh in the third class."

"Were the men separated from the women?"

"Yes, they were. The young women lived in one place, the old women in another, and this was also true of the men. Men and women were separated, even if they were married and from the same family. We were separated like animals."

"Did you hear about the collective weddings?"

"No. In the commune where we were, there were no weddings. That was in special communes."

"During that time, could you fish if you wanted to?"

"Fish? Are you kidding? Under the Pol Pot-Ieng Sary regime, individual work was strictly prohibited," Lem Pel said, "especially fishing. You could not own any type of property or any article for personal use, not even hand-crafted things. Everything had to be collective and when they said."

"But what happened to persons who violated such orders?"

"If anyone went fishing alone, he was immediately killed because they said that he was an enemy of the country's laws and that he was following orders from Vietnam."

"Then meals were also taken in common, right?"

"Yes. Everything was cooked in the same place and then distributed, everything as a group. No one could have his own plate or spoon."

"And what about clothing? How was it given to you?" we asked.

"The head of the commune gave one change of clothing to each person for the entire year. Everything was alike and it was all black."

"And now, how do you feel after the liberation?"

"Despite the fact that we still have many problems, we feel very satisfied and content," Lem Pel said. "We are free! Can you imagine? Free!"

Everyone that was with him shouted: "Lai Niep, Lai Niep!" We later learned that in Cambodian, this meant "different."

Capital of Prey Veng

At about 1000 hours, we left the ferry and took a highway to the right, following the banks of the Mekong for a long stretch before the road gradually became more distant from the river. Behind us was Highway 1, which goes to Phnom Penh after crossing the Mekong.

We entered the capital of Prey Veng at 1045 hours. Despite the fact that it now has the empty, abandoned look now characteristic of the cities of Kampuchea, we noted that nearly all the houses in the suburbs have been reoccupied by the former tenants. Naturally, they found their homes destroyed because the Pol Pot-Ieng Sary "leveler" also passed through here. The people had to put together veritable huts where they could live while beginning to rebuild their homes.

We passed by old barracks and headquarters of the Pol Pot soldiers, the only inhabitants of the cities, who allowed no one to enter and who devoted themselves to systematic looting and destruction. We were greeted by residents and FUNKEN [Kampuchean National United Front for National Salvation] soldiers who fraternize with them or look for old friends among them.

We arrived at the place where the Provincial Administrative Council has been set up. We were received by a perfect formation of soldiers from the area, followed by young girls who greeted us effusively with red banners hoisted on high.

At the entryway to the building was a long red banner with a greeting in Cambodian, which we were told said: "Welcome, our journalist friends, to the Prey Veng Province Administrative Council." We went in. All the foreign newsmen, numbering over 30, sat down before a long table. At its head was the secretary general of the FUNKSN in the province, Comrade Sa Meng, who thanked us for our visit and explained the situation in the region:

"You have come to our province, which was liberated following a veritable regime of terror. This province was liberated on 7 January. Allow me to tell you that we are very happy to have you here with us.

"As you know," he said, "following orders from their friends in Peking, Pol Pot and Ieng Sary also destroyed this rich province. Here the looting was terrible and the people were scattered throughout the country, taken to the communes like beasts of burden. Fortunately, and thanks to our own efforts and internationalist support, we were able to put an end to all of that. Tears and bloodshed have ended forever in Kampuchea.

"Here in this very city, we are going to show you part of the horrible massacres committed by the Pol Pot-Ieng Sary regime, massacres that we have recently discovered while trying to rehabilitate the city so that its people may return to it. We want you to see and bear witness to these horrors."

He was asked how many inhabitants the province had and the approximate figure at present.

"This province had 890,000 inhabitants; the provincial capital about 30,000. Now we estimate that 40 percent of the people died. Only about 20 of the murderers who committed these crimes have been captured; the rest got away."

Cemetery

We came to a place in the city which some years ago was a large commercial center. At the end, where the sewer system was located, some of the sewers were turned into cemeteries. There are 11 holes, which look more like cisterns, and each one is filled with skeletons. One would hold body parts and another only skulls, which shows that the persons thrown into these graves had been decapitated first. They tell us that they did actually throw the headless bodies into one hole and the heads into another. What was the horrendous purpose of such deeds? Can any human being in his right mind do such things? We estimate that there are about 30 decapitated persons in each grave.

We left this block of the commercial center and went on to the next, only to find the same thing: the same macabre discovery, but here it would appear that the holes got too full, and when they no longer had any place to put the bodies, they invented something equally monstrous: Double walls were erected and the bodies were placed inside. This was discovered by the Cambodian National Armed Forces because the soldiers became very

suspicious when they found such thick walls at the backs of the buildings. They broke one down and found dozens of bodies. We were told by soldiers that due to the position of some of the bodies, it would appear that many persons were walled up while still alive.

We left these horror zones and worked our way toward a number of buildings where the Court of Justice was located during Sihanouk's government. The Pol Pot-Ieng Sary regime turned it into it into a jail and torture chamber. Here one can see the iron bars and grills attached to the floor and to which the unfortunate prisoners were tied with barbed wire. The floor of the last building has been removed. Under the recently dug-up earth are hundreds of victims.

We then entered the "jungle," a term that can now be applied to what were once gardens and where we now walked. Lost in the thicket are the columns of several homes that once stood there.

Further on, we came to the ruins of what had apparently been a factory or an old and very rich mansion, judging by the size of the granite floor still intact. We were guided toward an enormous, deep well that provided drinking water for the building. So many bodies were thrown into the well that they piled up above the level of the water. The stench was intolerable and we had to leave almost immediately. One of the Kampuchean guides told us that the prisoners were thrown in alive and if they did not drown or die as the result of the fall, enormous stones were thrown in on top of them to crush them.

No Survivors

From there, we went by car to visit what had been a beautiful pagoda, the Buddhist temple of Ruong Day Ray. This enormous and fine construction is in a deplorable state. The roof has fallen in and as always, the doors and windows are missing (what an obsession these savages had with doors and windows!). The fantastic sculptures characteristic of this type of Cambodian Buddhist construction are lost amidst the thick undergrowth surrounding the central building.

We entered the religious center: Of Buddha and his throne nothing is left, but we saw that despite the devastation, the walls still exhibit fine frescoes and paintings reflecting the life of Buddha. This important temple was dedicated to the storage of ammunition by Pol Pot's followers. Everywhere were enormous quantities of every type and calibre of projectile. In one of the side corridors was a vast supply of mortar shells. We turned the corner and in the next corridor came upon hundreds of heavy gun shells, thrown on the floor.

Further on were thousands and thousands of rounds of machine gun ammunition, forming an enormous pile. We left the temple by the back door. One has to pull apart the underbrush in order to take the flagstone path we found under the weeds. The guide took us about 50 meters from the temple.

Under a group of trees were common graves. Here many persons were buried just below the surface. We wanted to know who would have been buried so close to a temple. We were told that they were the monks (bonzes and lamas) who lived at the pagoda. They refused to leave when the Pol Pot-Ieng Sary soldiers arrived and consequently were murdered on the spot and buried in the mass graves.

The graves were not very deep and the pigs that run around loose everywhere dug out the bodies. The bones are now scattered everywhere. Further on, we came upon more bones, apparently from that or another grave since there are several around the temple that was turned into an ammunition dump. We were also told that the pagoda was used as a barracks and torture chamber. Prisoners from the communes were brought, tortured, killed by having their throats cut and then buried on the temple ground.

About 200 meters away was the directorate of the main commune in the area. The buildings and principal houses are intact. Naturally, they housed the leaders and police of the Pol Pot regime. This administration headed several villages in the vicinity, which was part of the Ruon Day Ray commune.

New Life

We left the places where the ill-named commune and temple-depot were located and visited a village to which its inhabitants had returned.

When we arrived, work was being organized, the homes were being rebuilt, the school was under construction once again and a small clinic was being set up. In a few days, the land would be readied for rice planting. The village is called Chun Toc. The people gathered around us. There were countless healthy children, many young men and women, but few old people and small children.

The president of the village, an old guerrilla fighter from the struggle against Lon Nol, is Ha Huang. We were told that in this village, which had over 8,000 inhabitants, there are now about 6,000. Although the school has not been finished, there are already 160 students. Only a few days ago, two teachers were found and they are giving classes. Planting has not yet begun on a large scale, but 82 hectares have been planted in rice and vegetables.

This commune was used for agriculture under the Pol Pot-Ieng Sary regime. That is why the land needs only light preparation before the planting can begin. The most important thing now is to rebuild the houses that were destroyed since the inhabitants of this commune were freed the day after Phnom Penh.

"Were many persons killed in this village?" we asked.

"Thousands. They murdered those who got sick, those who complained for any reason, or those who asked to go see their relatives who lived elsewhere.

They killed them all because they said that what they wanted was to serve as a liaison or join the guerrilla troops that were fighting the Pol Pot-Ieng Sary regime."

"Did you see any Chinese advisers or soldiers in this area?"

"Only on one occasion, when a large group came through. They stopped for a short time. The leader spoke with a Chinese man who was with him. It is almost certain that they were going to try to attack the guerrilla fighters. But here in the village, there were many Chinese residents of Phnom Penh who were turned into slaves, like us, and made to work in the fields."

"Were there many guerrillas here?"

"Yes, but in the jungle. There were also guerrillas in Svay Rieng and Kompong Cham provinces."

A young Kampuchean soldier approached us to reaffirm what the leader of the commune had said because he was part of the guerrilla group. We asked him if he had been in this area and he said that he had. The young soldier is only 27 years old and is already a battalion leader. He explained that as early as 1975, the guerrillas had appeared in this part of the country since many people were not in agreement with the policies initiated by Pol Pot and revolted.

The battalion leader is Thon Boret. Before joining the guerrillas, he was a student in Kompong Cham Province. He is single and we told him that he should get married and start a family. Everyone laughed when we saw the face he made.

"Well," he said, "now we can get married when we want to. Ten weddings have already been organized in this commune."

"But not like during the Pol Pot-Ieng Sary regime," we said.

"No, no," he answered. "It is freer. They are young people who were engaged before and when they met once again, decided to get married."

We offered the commune president a cigarette. He inhaled with pleasure so we asked him whether they could smoke under Pol Pot.

"No, none of those things," he said. "Smoking was prohibited and so was planting tobacco. If they caught someone planting tobacco, they killed him. Many people who smoked would gather dry leaves to make cigarettes and smoke in secret when they were in the fields, but it was dangerous. Many people were killed for it."

We asked the leader of the villages what the immediate tasks of the commune were. He answered:

"The prime tasks are: first of all, repairing all housing; second, facing the problem of public health; third, increasing production, basically meaning preparing the conditions for rice harvesting; and fourth, increasing friendship and solidarity between the people and our revolutionary government."

From this commune, which already exhibits the new organization being undertaken in Kampuchea, we started back to Ho Chi Minh City. It was a long journey, nearly 250 kilometers. We arrived very late at night.

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CSO: 4410

COOPERATIVES FORMED IN VIENTIANE, PROGRESS PRAISED

Editorial Expresses Satisfaction

Vientiane VIENTIANE MAI in Lao 1 May 79 p 1

[Editorial: "The Movement To Turn to Agricultural Cooperatives Is Constantly Expanding"]

[Text] Following the propaganda, mobilization, and mass movement efforts of our farmers towards organizing agricultural cooperatives within Vientiane City and Province since latter part of 1978, many cooperatives have been established in many areas of Vientiane. With our farmers voluntarily motivated, units of 30 to 50 families or more are grouped into each cooperative in which they pool labor, draft power, and farmland from each family. They jointly protect, build, and use materials for production. The establishment of agricultural cooperatives has given our farmers an opportunity to conveniently perform their tasks. Above all, it provides them with adequate resources to build the nation's economic base. In the recent past, they have developed such necessary conditions for production as building irrigation works, dikes, reviving deserted fields, and opening up new rice fields and the use of new scientific technology. For these reasons, the cooperatives' abundant yields after harvest have helped guarantee steady improvement of the farmers' well-being.

Because of the realization of the importance and excellence of joining agricultural coops which could give them better and more modest production techniques, our farmers in Vientiane recently voluntarily organized over 100 cooperatives. The most outstanding of them is [Meuang] Hatsaifong District, which established 56 units. In particular, during the National Congress of Agricultural Cooperatives, the district stepped up its campaign and mobilized its efforts; within only 10 days they quickly organized 10 more units.

This indicates that our multi-ethnic farmers have a strong desire to steadily improve and expand agricultural production. Because of this, they unanimously and constantly have joined in organizing the agricultural coops in order to lead the nation to prosperity along the road of socialist economic transformation and construction which will bring civilization and wealth to our multi-ethnic people.

More Join in Hatsaifong

Vientiane VIENTIANE MAI in Lao 19 May 79 p 1

[Text] Responding to the spirit of first National Congress of Agricultural Cooperatives and Vientiane City and Province-wide Agricultural Cooperatives Congress which just ended on May 13 and to achieve real results, on May 17, 1979, 38 families in Ban Huaha, [Fasseng] Phosi canton, [Meuang] Hatsaifong District, Vientiane Province who had not yet joined the coops unanimously came in.

At the beginning, Ban Huaha Agricultural Cooperative had a total of 18 families with only 8 hectares of paddy fields. After every family in the village was voluntarily motivated to join in reaching 100 percent, the number of families rose to 101. The amount of rice fields, subsidiary cropland, and amount of draft animals also tremendously increased.

At present, the Ban Huaha population is preparing tools for the coming growing season.

Sikhottabong Cooperatives

Vientiane VIENTIANE MAI in Lao 19 May 79 p 1

Because of their profound understanding and realization of the importance of organizing agricultural cooperatives, 86 families of the cantons surrounding [Meuang] Sikhottabong district, Vientiane City on May 18 were voluntarily motivated to become members of the agricultural coops.

Joining the coops were 43 families with 33 hectares of paddy fields in [Tasseng] Sikhay canton, and 38 families with 24 hectares of paddy fields in [Tasseng] Sithan canton. [Tasseng] Nong Douang had 6 families with 12 hectares of paddy fields in a cooperative.

At present, farmers in this district are busying themselves with gathering tools and rice seeds to be on time for the coming growing season.

9438

CSO: 4206

ROLE OF PUBLIC SECURITY FORCES OUTLINED

Vientiane SIANG PASASON in Lao 11 Aug 77 p 3

[Article: "What Are the Characteristics of Our Public Security Forces" in the Mr Problem, Mr Resolution Column. Omitted portion contains comparisons of pre-1975 police forces with post-1975 public security forces.]

[Excerpt] Mr Problem: What I don't understand is the difference between the State Public Security Forces and the People's Public Security Forces.

Mr Resolution: In fact, there can be no distinction made between the State Public Security Forces and those of the people as you have stated. For the maintenance of public security, we have made two separate units. The first unit is a specialized unit which means that for public security work [personnel are] separated from production work in order to function directly as professional police personnel. This unit wears uniforms and has specialized transport. The other unit is a public security force of the people, for example, it protects the people's organizations and offices and the various villages not far from the production sites. This comprises a vast network among the roots of the people. This demonstrates the reinforcement and expansion of the people's right to political mastery which means that the masses widely join in maintaining public security and this force becomes the most basic force in this effort. In order to do a good job of maintaining public security, these two forces must be closely joined together. To have only a professional public security force without a people's public security force would be to lack the ability to expand the role of public security to the extent possible. To have only a people's public security force without the specialized units would mean that the public security task would lack efficiency.

CSO: 4206

LAOS

BRIEFS

REGISTRATION OF BOATS--In accordance with the 6th Resolution of the Party Central Committee in building and transforming socialism and for good order in riverine communications, the Ministry of Communications, Public Works and Transport announces for the widest dissemination to all offices, organizations and owners of all kinds of boats that from 1 July 79 on, this Ministry will begin registration of all types of boats capable of transporting goods and passengers along the Mekong River. For details concerning documentation in this registration it is suggested that the vehicle Control Department be contacted at the Sinsaikao School on Phon Kheng Road. This is announced for your information and compliance. [Text] [Vientiane VIENTIANE MAI in Lao 20 Jun 79 p 1]

PHON HONG RICE SALES--To contribute to the state funds and steadily strengthen the nation's wealth, since April 1979, the people of [Meuang] Phon Hong District, Vientiane Province, brought a total of approximately 90 tons of their surplus rice for sale to the state and exchanged it for their families' basic needs. Of this, most outstanding is over 18 tons of rice from [Tasseng] Na Lao canton. Presently they continue to emulate in bringing their rice for exchange and sale to the state. [Text] [Vientiane VIENTIANE MAI in Lao 27 May 79 p 1] 9438

CSO: 4206

POLITICIAN ADMITS PLOTTING AGAINST SARAWAK CHIEF MINISTER

Kuala Belait BORNEO BULLETIN in English 5 May 79 pp 1, 32

[Article by K.C. Jong]

[Text]

KUCHING. — A prominent political figure has confessed to plotting for four years — and in this time making "false, malicious and baseless allegations" — to try and bring about the downfall of Chief Minister Datuk Padungan Tan Sri Haji Abdul Rahman Yakub.

Encik Senawi bin Sulaiman, a man whose name has been associated with many parties, said his scheming involved the use of a forged letter saying the Chief Minister had conspired to take Sarawak out of Malaysia.

He also said Datuk Rahman had been falsely accused of being the man behind the 1966 political crisis in which Datuk Stephen Kalong Ningkan was dismissed as Chief Minister by the Sarawak Governor following the declaration of a state of emergency.

Encik Senawi said that with six others, false papers had been signed alleging Datuk Rahman was the one who engineered the emergency.

The disclosures came when 51-year-old Encik Senawi called a press conference last week —

after making a statutory declaration a few days before in front of a magistrate admitting his false allegations against the Chief Minister.

He told newsmen he was "setting the record straight to clear the name of a good, and innocent leader, so that history will not be contaminated with vicious distortion, fabrication and concoctions."

Encik Senawi (from Kampung Hilir, at Kahong, in the Second Division, and an ex-policeman, ex-newspaperman and now operating a general trading company)

said he is making a fresh start in life; after almost 20 years of political activity, he is "abandoning politics totally."

He added he will now devote his life to the promotion of Islam in Sarawak.

Datuk Rahman, when asked for a comment last weekend, said he is happy that Encik Senawi has admitted his mistakes, and he remarked: "As a Muslim, I accept him as a friend."

Encik Senawi said he had set out to ruin the political career of the Chief Minister after being beaten in the 1974

general elections (during which time he was also arrested). He "decided to use 'whatever means' to cause Datuk Rahman's downfall."

In his recent statutory declaration, he said he was convinced he would have beaten Encik Ahmad Zaidi for the Kalaka constituency had he not been arrested and detained "some time" before the polling day — being released only after the result was known.

"Since then the thing preoccupying my mind, body and soul was to bring about the downfall of Datuk Rahman," he added.

His first step was to file a civil suit against Datuk Rahman in the High Court claiming misconduct of the elections and wrongful arrest.

But he had to abandon this because he could not show reasonable cause for the action. Also, it would have cost him \$30,000 to fight the case, and this was beyond his means.

So then he started a plot in the hope that the Chief Minister would run to clear his name.

Encik Senawi recalled

how he held a meeting with his six accomplices and how they separately produced statutory declarations alleging Datuk Rahman as the one responsible for the state of emergency.

In his own declaration, a seven-page document recorded in front of a magistrate in November, 1974, he claimed that in September, 1966, in his capacity as executive secretary of the Sarawak Alliance, he was called by Datuk Rahman for discussions; he alleged 20 people, mostly young men and government servants, were present.

Encik Senawi alleged in these talks Datuk Rahman spoke of the need to create an emergency, with the aim of ousting Datuk Ningkan.

His declaration added Datuk Rahman had directed him to "head a team of men to be responsible for the smashing of the British-based political and commercial institutions."

Encik Senawi said should the first phase of damaging buildings fail to achieve the emergency, they were to consider burning major cars and attacking certain people.

With three others, he had gone to the Borneo Company and a glass showcase had been smashed; later, glass at the British High Commission office was also smashed.

His declaration also alleged that after the 1970 general elections, Datuk Rahman heard that SNAP, SUPP and

Pesaka were to form the state government, leaving out the Parti Bumiputera and the Sarawak Chinese Association.

Encik Senawi claimed Datuk Rahman had directed him to go around telling people if the parties formed the government, there would be bloodshed; he had gone out "to preach the threat."

In his new declaration, he said he was deeply disappointed when Datuk Rahman did not sue him — he had even sent copies of the allegations to federal ministers, including the late Tun Abdul Razak, the Prime Minister, in the hope of action; but there was no response from Kuala Lumpur either.

He said he then realised he was being treated "as good as dead," and he could do nothing against Datuk Rahman. More than ever, he wanted desperately to bring about the Chief Minister's downfall.

The opportunity came in September, 1977, when one of his "gang of seven" brought from Jakarta a letter purportedly written by a General Abang Kipli, self-styled leader of the now defunct North Kalimantan National Force.

Encik Senawi said that in the letter, the general, who wanted to live in Sarawak, mentioned Datuk Rahman intending to take the state out of Malaysia.

Encik Senawi felt he could use this forged letter to "poison the minds" of loyal Malaysians and those in authority, and he formed another gang of

seven to execute his plot.

The federal government was told about the letter, and it was also distributed about Sarawak; Encik Senawi said he believed publication and dissemination of it would jeopardise the Chief Minister's career.

But his efforts failed. In Parliament last year, Datuk Rahman told of the gang's conspiracy to drive a wedge between himself and Datuk Hussein Onn, the Prime Minister, and between the federal and state governments. The Chief Minister also said he had never received the original of the letter — nor had he met the general.

Encik Senawi said it was "most regrettable and tragic" that this forged letter was used. He also remarked:

"Despite all my previous acts to discredit Datuk Rahman, I believe he is the best leader Sarawak has ever had. He is the best to lead Sarawak now and in many years to come.

"I realise now the disappearance of Datuk Rahman from the public scene would seriously and adversely undermine the unity of Malaysians, particularly the Bumiputras, who as a consequence would be more divided and leaderless than ever."

MOST OF COMMUNISTS DETAINED SINCE 1975 HAVE BEEN RELEASED

None Have Reverted to Communism

Kuala Lumpur NEW STRAITS TIMES in English 10 May 79 p 9

[Text]

JELEBU, Wed. — Mentri Besar Datuk Rais Yatim said today that none of the 213 people, including five teachers and 12 pupils released by the Government after being detained for subversive activities, had gone back to communism.

He said a total of 282 people had been arrested in the State since 1975 but only 69 are still being detained. The rest had reformed and rejoined society.

Sixteen communist activists had been arrested so far this year, the biggest single arrest of 11 people came from this district.

Three of the 18 had been put under detention while the rest had been released.

The five teachers were among 21 people arrested in 1975. In 1976, the Government arrested 76 people out of which 20 were sent to

detention camps. Seventy nine people were arrested in 1977, out of which 31 are still under detention.

Last year, 73 people were arrested and 14 are still being detained.

The pupils are among those arrested since 1975, but they and the five teachers had been released.

Misled

Datuk Rais said all those who had been released so far had indicated that they had reformed and wished to rejoin society.

He said this when he opened a civics course for the Chinese community in Titi new village five miles from here.

He also introduced to the participants three former communist activists who later told them how they had been misled by the movement.

Datuk Rais added that the three, after being ar-

rested and put under detention, realised that they had supported a wrong cause which was aimed at destroying the security of the nation.

"With what is claimed to be the revolutionary struggle, they had not only brought shame and suffering to themselves but had also wrecked their homes and families," added the Mentri Besar.

Datuk Rais also said that more roads had been built and more would be built to link remote communities with urban areas so that they would enjoy the fruits of development.

"I appeal to you all to try your best to persuade those who are still involved in subversive activities to come forward and settle their differences with the Government so that they can quickly return to society."

He also appealed to the residents to report any suspicious characters loitering in their areas.

Singapore Connection

Kuala Lumpur NEW STRAITS TIMES in English 10 May 79 p 9

[Text]

JELABU, Wed. — Three former communist activists today revealed that "progressive" books that had been used to influence them into the communist ideology were sent to them by post from a Singapore cultural body.

One of them, Miss Lee Hoon, 25, said several visits with the body had also been organised to establish a closer rapport between the groups.

Lee and two of her friends, Loh Beng Teong, 27, and Miss Wong Fung Yung, 24, pledged their loyalty to the Yang di-Pertuan Agong and the country in front of Menteri Besar Datuk Rais Yatim at Titi, five miles from here. They also ex-

pressed regret for their previous subversive activities.

More than 1,000 residents in the area were also present at the oath-taking ceremony by the former members of the so-called new Malayan Democratic Youth League, a satellite group under the Malayan Communist Party.

'Slaves'

Lee said the visits to the Singapore body was also meant to expand the member's outlook into the Chinese culture and also the communist thoughts and ideology.

She said she was misled and the communist elements had used local

issues such as unemployment, the lack of Chinese education, squatters and land problems to persuade her into joining.

"We, who were members of the league, were treated like slaves without being given the chance to acquire our own identity and self-respect," Lee said in Mandarin.

Loh, who comes from Pertang new village, said he was influenced by the anti-Government sentiments arising from social economic problems and poverty.

Still young

He said he was constantly warned not to let out the league's secrets

and penalty for doing so was heavy.

They were also not given any chance to ask questions on any assignment that were given to them.

Wong, a rubber tapper from Jelabu, said that communists adopted several tactics to poison the minds of youths and students who were still young.

"After being influenced by them, it would be difficult for the youths to break away from the communists' clutch," he added.

Also present during the ceremony were Chief Police Officer Haji Mohamad Zaman Khan and State Secretary Ismail Mansor.

Life in the Jungle

Kuala Lumpur BUSINESS TIMES in English 1 May 79 p 9

[Text]

KOTA TINGGI, Mon. — An ex-communist terrorist spoke today of the power struggles and frequent quarrels among the Communist Party of Malaya (CPM) leadership.

See Poh Kee of Muar also spoke of the hardships faced by the terrorists while in their jungle hideouts along the Malaysia-Thailand border.

Such hardships were characterised by shortages of food, unjust treatment at the hands of the leaders and generally unpleasant conditions.

These factors and the bullet he received from the gun of a member of the security forces added the final straw to a story of disillusionment and disenchantment with the communist cause.

After almost six years of life with the communists, See finally surrendered to the authorities in June 1978.

See told a gathering at a security briefing at the Pei Hua School here today that contrary to what the communists had told him, he was treated very well by the authorities.

Surrender

He called on his friends who were still with the communists in the jungle to surrender and return to society.

See said that he came from a family of three brothers and three sisters in Sungai Mati near Muar.

He received his education at the Pei Hua Primary and Secondary Schools in Sungai Mati and later at the Chong Hua School in Muar until 1973 when he left on the instruction of the CPM.

He worked as a rubber

tapper in Paloh and later as a construction worker in Johore Baru. He became a member of the underground movement in 1974.

But from the time he was indoctrinated in school to the time he was taken to jungle in 1978, his activities were directed by CPM leadership.

His brother, who was also a member of the Malayan People's Liberation Army, met his fate when he was shot dead by security forces in 1973 in Malacca.

See related his early ideological indoctrination at the hands of his brother and other CPM leaders, the introduction to so-called progressive communist books and of sessions every Wednesday and Friday.

Donation

He also took part in distributing communist literature such as posters and pamphlets and even set up a cell.

He said that he donated several hundred dollars to the communists.

He received instructions to go to Kuala Lumpur in 1978 and later taken with five others by bus to Kota Bharu.

See said the group were taken again by bus to Ran-tau Pan-jang and across the border into Sungai Gajah in southern Thailand and finally to Ratsong.

After one month training in the jungle camp, See saw action in clashes with the security forces.

It was in one of these clashes that he was wounded while two other members were killed.

He was later transferred to the communist jungle vegetable plot to produce food for the others. This plot was worked by 28 members.

Today, See sports a deep scar on his face — to remind him forever of the mistake he should never have made.

STRAITS TRAFFIC SEPARATION PLAN TO TAKE EFFECT IN 1980

Kuala Lumpur BUSINESS TIMES in English 15 May 79 p 1

[Text]

THE traffic separation scheme in the Straits of Malacca is expected to be operational next year, Deputy Transport Minister Dr Goh Cheng Tek said yesterday.

Essential navigational aids, paid for by Japanese users, were now being constructed.

Speaking at the launching of a tugboat at the Malaysian Shipyard and Engineering Bdn. Bhd. (MSE) at Pasir Gudang, about 20 miles from Johore Bahru, Dr Goh said the three littoral states — Malaysia, Indonesia and Singapore — had been working on the scheme for some time.

He said that the scheme had been adopted by the intergovernmental Maritime Consultative Organisation, a United Nations specialised agency on navigation safety.

The main features of the scheme consist of an under-keel clearance of 3.5 metres, a speed limit and a ban on overtaking at certain critical points.

Dr Goh urged vessels using the Straits, particularly oil tankers, to navigate with maximum caution and to voluntarily observe the principles of the scheme.

"The Straits of Malacca is as much a life-line for developed countries like Japan as it is for the littoral states," he stressed and added that safety of navigation was

as much a concern of those who used the Straits as it was for those who owned it.

Dr Goh pointed out that in the olden times when wooden ships sailed through the Straits there were no pollution problems. Moreover, they called at the ports of the littoral states and brought in revenue.

But now, the oil tankers ferrying oil from West Asia to Japan did not stop at any Malaysian port or shipyard.

"They bring in no revenue at all for Malaysia. On the other hand, they pose a pollution threat to us," he said.

He said that the threat was becoming more serious as the tanker traffic grew heavier and a serious mishap could bring disaster for the beaches of Port Dickson, Merit, Pangkor, Penang and Langkawi.

It could also destroy the livelihood of thousands of fishermen along the coast.

Dr Goh assured that the government would continue to support shipyards located in the country and give them an opportunity to compete for contracts.

The tugboat "Balok" is the second of two tugboats built by the MSE for his Ministry for use by the Kuantan Port Authority. — Bernama.

SHELL OIL REVIEWS ITS 1978 PERFORMANCE

Kuala Lumpur NEW STRAITS TIMES in English 15 May 79 p 8

[Text]

KUALA LUMPUR, Mon. — Shell Refining Company (FOM) Berhad will increase its platforming capacity with the construction of a \$75 million second platformer, its chairman, Mr. H.J. de Ruyter said.

In his review of the company's performance last year, he said: "The board had decided to build a second platformer to enable the refinery to attain its rated capacity of 90,000 barrels per day."

Applications under the Industrial Co-ordination Act and the Petroleum Development Act to construct this platformer had already been submitted to the Ministry of Trade and Industry, he added.

Mr. de Ruyter said the decision was taken in view of the refinery's rising imports of platformate (an essential component of premium motor petrol) to meet demands for motor petrol manufacture.

"This importation has obtained Treasury approval on condition that,

in due course, the Shell Refining Company would meet this requirement from its own manufacturing facilities."

On the trading profit for last year, Mr. de Ruyter said the figure was \$36.3 million, about \$18.2 million higher than in 1977.

"This increase was principally due to our achieving more commercially acceptable terms for a fuel oil contract under which we had been supplying fuel oil at very depressed prices over the past five years.

Offset

"As a result, our financial results for the last few years were badly affected," he said.

He was happy to report that new and satisfactory arrangements were concluded in August of last year for the supply of this fuel oil, thus raising its ability to finance such investments as the second platformer.

Other factors contributing to the increase in trading profit were higher volumes, higher

processing fees and stable crude prices last year, he added.

These benefits were partly offset by higher operating costs, mainly arising from the higher volumes and a general increase in the price of services and materials, he added.

Net profit was \$18.2 million, some \$6.6 million higher than in 1977.

Refinery throughput continued to increase last year, reaching an average level of 64,000 barrels per day including crude oil processed for third parties, said Mr. de Ruyter.

This represented an increase of 13.3 per cent over 1977 and reflected a general increase in Malaysian domestic demand and higher quantities processed for non-affiliated companies, he added.

Of the total volume of crude oil processed, some 38 per cent was purchased within Malaysia, some 73 per cent came from Middle Eastern sources and the balance was imported from elsewhere.

The refinery con-

tinued to maintain its position as the largest producer of refined oil products in Malaysia, he said.

Sales of these products, including deliveries to non-affiliated companies under the processing arrangements, accounted for 84 per cent of demand in Peninsular Malaysia, he added.

He said the serious disruption to the world oil supply situation due to troubles in Iran had not adversely affected the operation of the refinery.

Return rate

Mr. de Ruyter said the rate of return on average shareholders' funds, calculated on a current cost accounting basis was 10.9 per cent which compared with a return of two per cent in 1977.

He said the current cost accounting data shown for the first time in the annual report was a more meaningful measure of profitability than calculating the rate of return based solely on historical costs.

OIL RESERVES MAY BE LARGER THAN HAS BEEN ADMITTED

Kuala Lumpur BUSINESS TIMES in English 14 May 79 p 6

[Article by Wong Sulong]

[Text]

IT WOULD not be far from the truth to say that today a developing nation has the economic odds stacked against it if it has no oil. Malaysia, as well as being one of the world's leading exporters of tin, palm oil and rubber is also in the enviable position of being a relatively sizeable net exporter of oil, and it will soon be exporting large quantities of natural gas.

Malaysians are also lucky because they have not squandered these precious natural resources, and have been shielded, so far, from the worst effects of the gush of petrodollars that has plagued so many other developing countries.

The story of Pertamina, the Indonesian state-owned oil company which came near to bankruptcy several years ago, and Iran, provide obvious lessons of how grandiose dreams and schemes based on a sudden gush of new found wealth can bring a nation near to grief.

Not that the people running Petronas, Malaysia's state oil company, need lessons in the

virtues of thrift and caution. They are former senior civil servants, who by their training, adopt a low profile, entertain few political ambitions and are not prone to embark on costly adventures.

Nevertheless Tan Sri Abdullah Salleh, the newly appointed Petronas chief, and former chief secretary to the Government, concedes that the woes of Pertamina and Iran serve as a useful reminder of the terrible consequences that could be unleashed by oil extravagance.

In an interview with the *Financial Times*, he was careful to point out that Petronas would be slow and cautious. "We have seen the mistakes of others. If we make the same mistakes, how are we going to answer them," he asked.

Since the signing of production sharing agreements with foreign companies in 1970, Malaysia's oil production has gone up sharply. Current output is 260,000 barrels daily, and it will increase to 380,000 barrels by next

year. Shell and Esso, take 41 per cent of this output to cover costs and their share of the oil.

Revenue from oil exports is making a substantial impact on Malaysia's trade and balance of payments position. The revenue comes in useful at a time when the Government needs the cash for more public sector investments, and for defence.

Last year, Malaysia exported 9.6 million tonnes of its low sulphur, premium-fetching crude, valued at \$2,000 million. This year, oil exports are projected to reach 12.2 million tonnes and this would make oil into the country's top foreign exchange earner.

There are some who feel that Malaysia is in urgent need of cash and is turning on the oil valves full blast to get it, but in fact the Government would not find it difficult to obtain other sources of finance. Malaysia's credit standing in the international community is very high.

Tan Sri Abdullah explained the apparent contradiction between Petronas' avowed policy

of conservation and the high oil flow of the past few years by pointing out that the oil companies, at the insistence of Petronas, have sunk millions of dollars into an intensive exploration programme and it is only fair and natural that they want to recover their costs as quickly as possible.

"We are applying the brakes (on production), but very gently. We don't want to jam the works," said Encik Rastam Hadi, his deputy at Petronas. In Sarawak, for example production is being reduced, because Petronas felt too much gas was being flared.

Malaysia's own oil consumption is around 140,000 barrels daily and is growing at seven to eight per cent a year. If no new oil fields are found, Malaysia's oil reserves would be exhausted within 10 years at current production rates. But the impression given by Petronas and the oil companies is that either the reserves are bigger than so far admitted or that they are confident of

finding new fields.

Currently, Petronas's attention is centred on getting the US\$1 billion Liquefied Natural Gas project at Bintulu, Sarawak, on stream by January 1983. The project is a joint venture with Shell and Mitsubishi, with Petronas holding 55 per cent. It will supply six million tonnes of LNG annually (equivalent to 140,000 barrels of oil a day) to Japanese utility companies for 20 years.

A contract for site clearing has been given. A US\$25 million cryogenic plant to convert natural gas into liquid form, has been ordered. Three companies, all American-Japanese joint ventures, have tendered to supply and construct the main LNG plant ancillary facilities.

The first of the five LNG tankers will be delivered to the state-owned Malaysian corporation later this year. It looks like the ships will be idle until the LNG project comes on stream, as efforts to lease them out "pro-

spective users have so far failed."

Tengku Tan Sri Ngah Mohamad, the corporation's chairman, feels the tankers would put a severe strain on the line's cash flow between 1981-82, but they should recoup the losses once they are put to work in 1983.

Esso, which is producing 90,000 barrels of oil daily off the coast of the state of Trengganu is having a tussle with Petronas over its insistence that its oilmen should move their base from Kuala Lumpur to Kuala Trengganu, the state's capital.

Trengganu is one of the poorest of the 13 Malaysian states, and the presence of 400 high income expatriates would generate quite a lot of economic activity. "We don't think we are being unfair," said Encik Kassim. "We ask Esso what it wants, and we are prepared to do everything, within reason, to satisfy their men. Shell people in Sarawak and Brunei live near to their place of work and this is the case around the world."

OIL EXPLORATION AGREEMENT REACHED WITH BNOC

Kuala Lumpur BUSINESS TIMES in English 17 Apr 79 p 1

[Text]

THE British National Oil Corporation has reached a preliminary agreement with Petronas to help in oil exploration activities off Peninsular Malaysia.

This will be the first oil exploration outside the United Kingdom to be undertaken by the BNOC.

The BNOC contract is to assist Petronas develop an area off Trengganu abandoned last year by a consortium of oil companies led by Conoco of the US.

The venture involves a contract for technical and manpower services to supervise the off-shore drilling programme of an area of more than 19,000 square km.

Preparatory work is likely to start this summer on a 12-month drilling programme after the end of the year. A total of seven wells are planned.

The BNOC will pro-

vide a basic team of six specialists to be based with Petronas Carigali, the exploration arm of Petronas in Kuala Lumpur. Back-up services will be provided in the UK.

For the moment the deal involves only a service contract on commercial terms, and any further collaboration would be the subject of additional negotiations between Petronas and the BNOC.

Two fields, one oil and one gas, have already been discovered in the Sotong area that the BNOC will explore.

Conoco relinquished the area because it could not secure a sufficiently attractive production-sharing agreement from Petronas.

Conoco claimed the field had only 20 million barrels of recoverable oil while Petronas believes the amount to be

in the region of 50 million barrels.

When Petronas Carigali took over the area in 1978 after paying off Conoco, it announced its intention to engage consultants to assist in its exploration activities.

The company had undertaken a search for suitable firms all over the world and finally settled for the BNOC.

The immediate attraction for the BNOC of the Malaysian service contract is that it offers its own personnel a chance to gain experience in the oil industry overseas, which could ease recruitment of new staff.

The deal is subject to a detailed agreement and approval from the British Secretary of State for Energy.

Normally, this approval would be little more than a formality — BNOC has kept the de-

partment closely informed of progress on the deal — but this could change under a Conservative government.

The Conservative Party is already committed to carrying out a thorough review of the state oil company's activities with a view to reducing its influence in UK oil exploration and production operations.

It has also pledged to halt its expansion into other areas, such as refining and petrochemicals.

It remains to be seen whether, if it is returned to power in the coming general elections, it will wish to stop BNOC entering overseas ventures, although other state energy corporations, such as British Gas and the National Coal Board, have been encouraged by past governments to develop overseas consultancy work.

CSO: 4220

BRIEFS

RADIO-TELEVISION COMPLEX--The information minister said on 16 June that the federal government will build a 6.9 million ringgit radio and television complex in Alor Star for the benefit of the people in Kedah and Perlis states. The project is to be completed by the end of 1983 or early in 1984. A temporary radio studio is being set up in the federal government office building in Alor Star, while transmitting equipment is being installed at Sungai Petani. These two projects will be completed in September or October 1979. [Kuala Lumpur Domestic Service in English 1130 GMT 16 Jun 79 BK]

TV TRANSMISSION STATIONS--The television transmission station to be built in (Kunyong Lipen), Johor, is expected to be completed by the end of next year or early 1981. The parliamentary secretary to the Ministry of Information, Datuk Haji (Ambong Yahya), said the 10-kw transmitter could cover most of north Johor as well as south Pahang. He was speaking to newsmen after visiting RTM [Radio-Television Malaysia] in Johor Baharu on 27 June. He said another television transmission station was being built in Bukittinggi in Mersing. With the completion of the two stations, the southern region would have four television transmission stations. On the radio transmission station in (Goda Segamat), Datuk Haji (Ambong Yahya) said it was expected to be completed this year. [Kuala Lumpur Domestic Service in English 1130 GMT 27 Jun 79 BK]

COMMUNIST TERRORISTS KILLED--Three communist terrorists have been killed by members of the security forces at the (Sungai Calek) rubber estate in Raub, Pahang. The three were shot by the security forces during a brief engagement with a group of five terrorists. The Pahang chief minister who is also the state director of operations, told a news conference in Kuantan that a security forces patrol was moving in the area when it came into contact with the communist terrorist group. Members of the security forces recovered 11 hand grenades, ammunition, explosives, booby traps and communist documents. [Kuala Lumpur Domestic Service in English 0000 GMT 27 Jun 79 BK]

LOAN AGREEMENT--Malaysia on 27 June signed its first loan agreement amounting to 220 million ringgit or \$100 million syndicated and raised commercially in the Arab capital markets. Deputy Finance Minister Datin Rafidah Azis signed on behalf of Malaysia while the chairman of the Arab-Malaysian Development Bank, Raja Tan Sri Mohar, and its executive director Mr Hussein Najadi, chairman of Bank Bumiputra Malaysia Senator Kamarul Ariffin and two other bank representatives signed on behalf of the loan managers. Datin Rafidah Azis, in her speech at the signing ceremony held at the Finance Ministry in Kuala Lumpur, said the proceeds from the loan would be used for Malaysia's various development projects under the Third Malaysia Plan. [Kuala Lumpur International Service in English 0630 GMT 27 Jun 79 BK]

TRADE SURPLUS--According to the deputy finance minister, Malaysia had a trade surplus of 1,000 million ringgit during the first 2 months of 1979, compared to 3,400 million ringgit for the whole of 1978. This led to an increase of 865 million ringgit in Malaysia's net external reserve which stood at over 8,200 million ringgit at the end of April 1979. [Kuala Lumpur International Service in English 0630 GMT 18 Jun 79 BK]

CSO: 4220

TRADE WITH CHINA STEADILY INCREASING

Kuala Lumpur BUSINESS TIMES in English 26 Apr 79 p 7

[Text]

KATHMANDU: Despite strenuous efforts by the leaders of Nepal and China, trade between the two Asian neighbours remains at a low level.

Official sources, however, say it is progressing steadily, especially after the exchange of visits between King Birendra and Vice-Premier Teng Hsiao-ping to their respective capitals in the past two years.

King Birendra visited Lhasa and Szechuan in June 1978 and Peking in April 1978 on his way to Tokyo for a state visit to Japan. During these visits, he had friendly talks with Mr Hua and this boosted understanding and economic cooperation between the two countries.

Trade between China and Nepal last year was, at US\$6.7 million, about 30 per cent higher than in 1977. About 55 per cent of the trade balance was in Nepal's favour.

Nepal, however, is importing on average

US\$12.6 million worth of goods from China under a bilateral economic co-operation. The proceeds from these sales are used for various development projects undertaken by China in this landlocked country as grants.

China is currently building a 60-metre highway between Gorkha and Narayangadh, a brick and tile factory near Kathmandu and a multi-purpose hydro project at Pokhara, 214 kilometres west of Kathmandu. An US\$18 million dollar cotton tex-

tile mill at Hetauda, 90 kilometres south of Kathmandu, was recently completed by over 140 Chinese technicians under the Chinese aid programme.

Nepalese exports to Tibet and China include jute and jute goods, rice, wheat flour, mustard seed, sugar, chillies, biscuits and lentils. Nepal in turn imports Tibetan sheep and goats for table meat, rock salt, raw wool and woollen

garments, sundries and baby foods.

Musk, Tibetan carpets, bronze idols, semi-precious stones and tankas (Tibetan wall painting scrolls) used to be major attractions among the imports from Tibet for their re-export to Western and European markets, but their export was completely banned after Tibet was declared an autonomous region of China in 1980.

The likelihood of opening up Tibet for tourism and mountaineering by 1980 and the proposed air service between Kathmandu-Peking-Tokyo across the Himalayas would greatly help to boost trade between China and Nepal.

In this connection, a Chinese delegation headed by the vice-chairman of the Chinese mountaineering association, Xu Jing, is currently visiting Kathmandu for talks and to study the mountaineering regulations of the Nepalese government.

China and Nepal have already signed a bilateral air agreement last fall to enable their national flag carriers to operate regular commercial air services across the Himalayas.

Meanwhile, the exchange of visits by trade officials of both Tibet and Nepal is expected to see the problems of boosting bilateral trade thrashed out.

The Rasuwa-Trisuli highway, currently being built by the Nepalese army some 90 kilometres west of Kathmandu, is expected to open one more route to the northern frontier for Nepal-Tibet trade when it is finished in the next couple of years.

Nepal is at present linked with Lhasa through Kodari, 114 kilometres northeast of Kathmandu. This road was completed in 1960 with Chinese aid. However, because of transport problems, this highway has not yet been fully utilised for trade purposes. — AFP.

SWEEPING ECONOMIC, ADMINISTRATIVE CHANGES SOUGHT

Kuala Lumpur BUSINESS TIMES in English 15 May 79 p 6

[Article by Dai Hayward in Wellington]

[Text]

NEW Zealand has long been cited as the most over-governed, over-regulated country outside the communist bloc, with rigid controls and regulations extending into every facet of commercial, social and economic life.

Under an all-embracing government umbrella protecting local industry from foreign competition, a vast bureaucracy controls the direction and activity of commerce and finance.

It is part of the price the three million citizens of this country have paid for a comfortable, sheltered existence with a high standard of living.

Over the past five years, however, the complacency has been shattered. Inflation, still in double figures, has been amongst the highest in the Western world. Unemployment which, less than a decade ago, was almost non-existent, now stands at a record 50,000.

Tens of thousands of New Zealanders have permanently emigrated in search for work and a new way of life in other countries, and New Zealand's balance of payments problem has reached crisis proportions.

One thing, however, has remained unchanged and in fact even accelerated — the number of government controls and regulations, supervised by an army of government employees so vast it now embraces more than 40 per cent of the total work force.

Against this background, the authoritative New Zealand Planning Council has called for near revolutionary changes to sweep away controls, free business and commerce from the stranglehold of red tape and curbs and completely restructure the country's economy.

The council was set up in 1977 by the government as an independent voice on New Zealand's medium-term development in social, economic and cultural spheres. It has close links with the Cabinet and the public service, but its advice is by no means always accepted without reserve.

Prime Minister and Finance Minister Robert Muldoon's initial reaction to the group's rather dramatic report showed typical caution. "I agree with most of the council's general recommendations," he said, "but I see problems in

translating some of them into practical and effective policies.

"Sweeping changes across the board can sound attractive but, unless analysed carefully in advance, they can produce disruption and damage that outweighs the benefits."

The council has warned that 1979 will see a crucial economic test. Unless urgent action is

taken to restructure the economy to provide more competition and free business from licences and curbs, New Zealand will turn into "an unstable and receding backwater," it says.

In what can only be described as a shock report to New Zealand official thinking, the council has told the government to:

- End import licensing and controls;
- Remove price controls;
- Devalue the NZ dollar as part of an economic package;
- Severely curb public spending;
- End the system of licences on business activity;
- Allow greater competition;
- Remove protectionism from industry;

● End General Wage Orders which provide regular wage increases to the entire work force;

● Provide wage guidelines;

● Recreate an Arbitration Court representing workers and employers under a Judge to arbitrate on wage settlements;

● Encourage foreign investment;

● Introduce measures to bring down the inflation rate; and,

● Encourage more free trade with Australia.

The council has put into an official report what many observers and business leaders have been thinking for some time.

Import licensing which protects local industry leads to inefficiency. This, coupled with the ease with which local firms can pass on increased costs by raising prices — despite a so-

called price control system — has fed inflation. It is also pricing local exports off world markets, and New Zealand must export to live. Licensing must be abolished, say the planners.

The government is urged to liberalise controls on overseas investments in New Zealand. It should actively encourage foreign firms to invest in New Zealand, says the report. This would reduce the need to borrow so heavily to meet the current account deficit in its trading balance.

Public spending must be curbed, says the council. The growing size and cost of the civil service, government subsidies and official grants to the farming sector and costs of social services have contributed to New

Zealand's relatively high tax rate.

The need to curb public spending is one of several reasons the council has added its voice to many others recommending devaluation of the NZ dollar. Mr Muldoon has consistently opposed devaluation, claiming "it alone solves nothing", and that its long-term ill-effects would outweigh short-term gains.

The council agrees but says this must be coupled with the restructuring of the whole economy and the freeing of business to be worthwhile.

New Zealand has been described as a "cost-plus" economy. Additional costs are immediately passed on more easily in New Zealand than probably anywhere else, mainly because so many local firms and enterprises are sheltered from foreign or domestic competition and partly because of wage-fixing arrangements.

Allowing more competition, allowing new industries and enterprises to be set up and removing the licensing system and controls which hamper development of private enterprises would end this, say the planners.

Wage increases must also be kept under control, the Council says. It recommends that the government sets down wage guidelines previously agreed to by both trade unions and employers, if possible.

BALUCHISTAN NATIONALISM CREATING TENSION IN PAKISTAN, IRAN

Kuala Lumpur BUSINESS TIMES in English 12 May 79 p 6

[Article by Chris Sherwell in Quetto, Simon Henderson in Zahedan]

[Text]

IN PAKISTAN, where a hangman's rope has sealed the fate of Mr Bhutto, the deposed Prime Minister, the desire for greater autonomy for the country's four provinces is now the most potent political force dividing the country. But it is also one which successive governments in Islamabad have strongly resisted. As a result, in Sind, among the Pushtanis of the North-West Frontier and especially in Baluchistan, there is increasing bitterness and resentment at the continuing dominance of the populous Punjab.

However, the autonomy issue appears to stand less chance of taking off now than it did under Mr Bhutto. Though sentiment is undoubtedly as strong as ever, the government has changed its attitudes and policies to counter it. Whether this proves effective in the long term is another matter. Most people in the region find it difficult to imagine that the present borders between Pakistan, Af-

ghanistan and Iran will be intact in two decades' time.

The focus of attention in Pakistan, as it is in Iran, is the strategic province of Baluchistan.

Nationalist feelings among the Baluch people remain as strong as ever, and the desire for greater autonomy as powerful. Though the nationalism is of long-standing, it has been reinforced over recent years by the continuing absence of a firm identification, by Punjabis as much as by Baluchis, Sindhis and Pushtuns, with the state of Pakistan. Beyond their province, these peoples look to Islam, not Pakistan, as the force binding them together.

The Baluch sentiment for greater autonomy springs from the rather sorry experience of 30 years tied to Pakistan. Having committed themselves to the country in 1947, the Baluch people found the central government determined to divide and subjugate them just as the British had done before.

Baluchistan itself has known nothing but army rule for the past 31 years, and the province has remained underdeveloped.

In the 1960s the Baluchi desire for more control of their own affairs found expression in the National Awami Party (NAP), which yoked together Baluchis and Pushtuns in a common cause. The main leader was Abdul Wali Khan. An attempt to involve NAP in government in the frontier and Baluchistan in 1973 lasted less than a year before Mr Bhutto moved against its leaders. The party was banned, a state of emergency was imposed in Baluchistan, a four-year guerilla war began and provisions for greater autonomy in a new constitution were never implemented.

With the end of Mr Bhutto's rule in mid-1977 things changed, and the cause of greater autonomy has since suffered a setback. Although the army still rules in Baluchistan, as it does under martial law in the rest of the country, its policies have altered.

No longer committed to confrontation, senior generals are now talking to prominent Baluch leaders about "rehabilitation" of people affected by the army's crushing of the insurgency. Some people call this compensation, but it does not mask the fact that talks are going on. Armed bands still operate in Baluchistan, and more are said to occupy safe havens in Afghanistan, but none are regarded as a security threat at this stage.

As the stepped-up development programme in Baluchistan blunts some of the ill-will still further, simultaneous political developments are also helping to undermine the strength of the autonomy movement. The successor to the national Awami Party, the National Democratic Party, is now deeply split between the Baluch nationalist leaders and the Pushtun-dominated faction led by Wali Khan, who has apparently decided to drop the issue altogether. This is leaving the Baluch leaders, the most secular of all Pakistan's prominent politicians awkwardly isolated.

The real test will come in Pakistan's general elections planned for November, but it is not certain how much political activity will be permitted, or even whether martial law will be lifted. General Zia-ul-Haq, Pakistan's military ruler, has also said a code of conduct for the election will preclude discussion of the issue of provincial autonomy — something the leaders of the National Democratic Party have since protested against.

Meanwhile, on the Iranian side of the border, Zahedan, the capital of Baluchistan province, seems out of time with the rest of Iran. Zahedan was probably the last town to pull down its statue of the Shah's father only on the actual day of the revolution. Now it has become the first town to disband its revolutionary committee and hand over the running of the region to a

provincial government.

Iranian Baluchistan seems hardly Iranian at all. People identify themselves as Baluchis, Sistanis (from the north of the province) or as Iranians. The Iranians are viewed practically as colonialists by the first two groups.

Under the Shah, the authorities managed to assuage Baluchi nationalist feeling by tacitly allowing the tribesmen to continue their traditional trade of smuggling, and by pouring money into the province for development. Now in the uncertainty of Iran's revolution, that feeling is stirring again.

Iranian Baluchis have never had the political leadership of those in Pakistan, or quite their level of institutionalised opposition to the central government. But in the present circumstances they are, according to informed observers in Zahedan, "just waiting to hear a call from across the border."

It has long been thought that the Soviet Union would foster an independent Baluchistan as the next stage of a push through Afghanistan for a port on the Indian Ocean. Gwadar in Pakistan, and Chah Bahar in Iran, do indeed look rather vulnerable. But observers in Zahedan only fear this possibility in the long term; for the moment they are obsessed with the immediate problems being wedged between a potentially chaotic, post-Bhutto, Pakistan, an Afghanistan in internal rebellion and Iran with its revolution nearly off the

rails.

The economy of the province is in a mess. Work on development projects has stopped. Although the provincial government is trying to scrape together enough funds for some to resume. The smuggling of foodstuffs, tea and clothing continues unabated but the decline in the value of the Iranian rial against the currencies of Pakistan and the United Arab Emirates has made this less profitable.

The principal source of potential strain is religious. The 800,000 Baluchis of the province are Sunni Muslims. The minority 100,000 Sistanis are Shias, as in the rest of Iran. Among other differences the Shi'ite sect puts far more secular influence into the hands of the most senior ayatollahs. Baluchis traditionally follow their tribal leaders — the Sardars.

The Baluchis have been watching with great interest the activities of other Sunni minorities — the Kurds and the Turkomans. They have noticed how outbursts of fighting have won promises of concessions from the central government.

The issue will come to the fore again when the draft constitution of the Islamic republic is published. The main question is whether the state religion will be Islam or only Shi'ite Islam. The divisiveness of the subject is obviously recognised, and the constitution's publication date has been postponed indefinitely.

PAKISTAN

GDP RISES BY 5.9 PERCENT, GNP BY 6.33 PERCENT

Quetta BALUCHISTAN TIMES in English 27 Jun 79 p 1

[Text] Islamabad, June 26: The Gross Domestic Product in Pakistan rose by 5.9 percent during the current fiscal 1978-79, while the Gross National Product was up 6.33 percent according to the Annual Economic Survey issued by the Ministry of Finance here today.

The survey, which is the first prebudget document deals in depth with the state of the economy.

The GDP growth in fiscal 1977-78, was seven percent, and of the GNP 10 percent.

Explaining the problems being faced by the economy, Mr Aftab Ahmed Khan, Secretary Ministry of Finance told a Press conference here today "I will be the last person to put a gloss over our difficulties. The economy will continue to face problems unless exports are stepped up, production increased, productivity improves, and not too many claims are made on the economy because such claims generate inflation he added.

He said in order to initiate a process of self-reliant growth the people will need to make sacrifices, and there is every hope that they will respond to this situation. He said "there is no development without tears, especially for countries which are in situations like that of ours."

The per capita income at current factor cost rose 10.2 percent from 2,231 in 1978-79 to Rs 2,459 in 1978-79. [as printed]

The economic survey indicates that the commodity producing sectors as a whole have recorded a growth of 4.4 percent compared to the growth of 4.5 percent attained in 1977-78. The services sectors combined have depicted a growth rate of 7.3 percent.

The agriculture had a growth of 4.2 percent. Larger wheat and rice crops contributed to growth in agriculture while cotton and sugarcane have declined.

The wheat production for 1978-79 is estimated at 9.93 million metric tonnes, and rice output at 3.27 million metric tonnes.

The progress in the industrial sector consists of a 3.7 percent growth in the large scale manufacturing sector, and 7.3 percent for small scale industry. The overall growth in the industrial sector was 4.8 percent. Out of 15 major manufactured goods, production of 10 went up. These include an 11.79 percent growth in cotton yarn production 17.4 percent for vegetable ghee 20.1 percent for mill steel products and 5.7 percent for fertilizers. Cement production declined because of rain damage to some plants while sugar suffered as a result of a reduced sugarcane crops.

According to the Survey the industrial recovery has "stemmed largely from various policy decisions taken by the present government to restore the investors' confidence as also from the sizeable packages of fiscal monetary concessions allowed to the industrial sector.

"An indication of the recovery was that the private industrial investment increased from Rs 2,173.5 million in 1977-78 to Rs 2,304.7 million in the current year. The public sector investment however, declined by 2.9 percent at Rs 5,967 million from a year earlier figure of Rs 6,143 million. 'This decline is due to the expected completion of several ongoing projects during the year,' it says."

The total monetary assets recorded an expansion of 15.8 percent or Rs 10,901.4 million up to May 31 this year. The expansion in the corresponding period of 1977-78 was Rs 9,994.2 million while for the entire 12 month period of that year it was 21.8 percent. (Message incomplete)

CSO:4220

PAKISTAN

BRIEFS

RICE EXPORT--Pakistan's rice exports during the fiscal year ending 30 June have touched the record total of a little over 1 million tons. It is valued at about \$340 million. This represents a rise of 24.5 percent in quantity and 39.6 percent in value as compared to the rice exported during the last financial year. [Karachi Domestic Service in English 1700 GMT 30 Jun 79 BK]

CSO: 4220

PAPUA NEW GUINEA

PAPUA NEW GUINEA TO FORGE DIRECT TRADE LINKS WITH MALAYSIA

Kuala Lumpur International Service in English 0630 GMT 4 Jul 79 LK

[Text] Papua New Guinea hopes to forge direct trade links with Malaysia. Its Works and Utilities Minister Mr Thomas Koraea said this in Kuala Lumpur today. He said Papua New Guinea at present purchased goods from Sydney, Australia [words indistinct] to about 60 million ringgit annually. Alternative supplies were being sought as the handling charges made the goods purchased from Sydney expensive.

Mr Koraea explained that the items which Papua New Guinea was interested in buying ranged from pencils to cement. He said his visit would also [words indistinct] with the study tour for his 3-member delegation to find out details of Malaysia's road construction and other infrastructure projects. He was met on arrival by the deputy minister of public works and utilities, Dr Nik Hussein bin Abdul Rahman. Mr Koraea and his delegation are on the last leg of a tour which took them to Japan, China, Hong Kong, the Philippines and Singapore.

CSO: 4220

PHILIPPINES

IRANIANS IN PHILIPPINES TO ASSIST SECESSIONIST MOSLEMS

Hong Kong AFP in English 0340 GMT 4 Jul 79 OW

[Text] Manila, July 4 (AFP)--A Filipino news commentator today recommended expulsion for Iranian students here "should they be found and considered a threat to the national security".

Mr Jesus Bigornia quoted a "disenchanted student from Tehran" as warning that new arrivals were under orders from the Islamic Revolutionary Council "to assist local Muslims in their secessionist adventure".

"Even the apolitical youths who arrived in Manila long before the revolution that resulted in the shah's ouster 'are now following instructions of the revolutionary courts and militia, for fear they might be called back to Iran for military duty'," said Mr Bigornia in his column in the BULLETIN TODAY daily.

He quoted a report in the Paris LE MONDE newspaper "that blew the lid off an alleged tripartite agreement among Iran's Ayatollah Khomeyni, Libya's Col Al-Qadhdhafi and the Palestine Liberation Organization head Yasir'Arafat to assist Muslims in this country in their fight to carve out a country of their own in southern Philippines".

"Most of these so-called students, the report claims, have either received intensive training in guerrilla warfare, including urban, or have seen military service in guerrilla-ridden Kurdistan as intelligence operatives," said Mr Bigornia.

"Having taken part in the lowering of the bars against the entry into the Philippines of Iranian students, it now devolves on the Philippine intelligence community to intensify surveillance of Iranians already here with a view to their expulsion should they be found and considered a threat to the national security," he added.

CSO: 4220

PHILIPPINES

FRICTION INCREASING BETWEEN OVERSEAS CHINESE, FILIPINOS

Hong Kong AFP in English 0320 GMT 7 Jul 79 OW

[Text] Manila, July 7 (AFP)--Friction between native Filipinos and Chinese-descended ones is increasing and must be solved before it grows more severe, a top government official said yesterday.

Nereo Andolong, chairman of the Philippine charity sweepstakes office and one of the men close to President Ferdinand Marcos, said the government had taken the "calculated risk" of offering overseas Chinese all the privileges of citizenship.

But he said "new Filipinos" now must demonstrate their love of country by making up their minds that they are Filipinos for good.

In a speech to a Rotary Club at the Manila Hotel, Mr Andolong said increasing competition between native Filipinos and Chinese-descent Filipinos, the increasing ostentation of the Chinese community, and the expanding control of the economy by new Filipinos "are issues best brought out into the open, for public discussion before they become too bitter and too heated for reason and good sense to prevail."

The chairman said President Marcos had been sincere in dealing with the Chinese community. He added: "In return, we have every right to demand that our new citizens should prove to us they are committed to the Philippines as deeply as we 'older Filipinos' and that they have a stake in our country's security and prosperity in the same proportion as the rest of the national community."

The Central bank, he also said, had shown unofficial alarm at how fast the Chinese Filipinos had apparently taken over the banking industry.

Referring to the dominance of Chinese merchants and traders, Mr Andolong said the people must feel confident: "We must be able to say to ourselves that, though prices are rising, no single sector of the community is making exorbitant profit out of the popular suffering," he added.

He urged the Rotarians and other groups to conduct panel discussions on ways to solve the Filipino-Chinese problem.

MILITARY MANAGEMENT BLAMED FOR LABOR PROBLEMS

Kuala Lumpur BUSINESS TIMES in English 1 May 79 p 16

[Text]

MANILA, May 1

PRESIDENT Ferdinand Marcos of the Philippines today instructed the Labour Ministry to produce new legislation within 24 hours to settle labour complaints about salary increases, bonuses and other benefits.

Mr Marcos issued this order when he was speaking at a May Day rally.

The labour unions were complaining that some employers were not paying salary increases, bonuses and other benefits decreed earlier to meet rising costs.

President Marcos proposed that he and trade union leaders should meet at least every second month to discuss problems.

Philippine labour leader Democrito Mendoza speaking at the rally asked President Marcos to put an end to the martial law government's practice of assigning active military officers to management jobs in business.

Trade Union Congress (TUC) president Mendoza also called for full restoration of the right to strike and for automatic pay rises.

Directly addressing President Marcos, he said: "We appeal to you to review the policy of assigning active military officers to manage private business." He

said military management was a major cause of labour problems, citing a current strike in the nation's second biggest port, Cebu.

He said the objection did not imply military inefficiency, but officers have a militaristic mind in running a business, and they demand that you obey first before you complain."

"Retired military officers yes, because they are one group who understand workers. But active officers no. That should be reviewed so they will be given education first — workers education if necessary, or at least the essence of how to run private business."

President Marcos did not refer to the subject when he spoke.

● South-East Asian central and commercial bankers gathered here today to discuss self-service banking that could eventually lead to the virtual abolition of money for the sale and purchase of consumer items.

The conference is organised by Payments Incorporated, a subsidiary of American Express, which seeks to promote a plastic, computer coded card for eventual use for all banking and retail business activity.

The conference was told that two million che-

ques were now processed in Asia daily with the highest number of 860,000 cheques in Hong Kong and the lowest number of 110,000 in Singapore.

This could grow to proportions that could choke the banking system with paper, International Business Machines' South-East Asia programme manager Virgilio Pena said at the conference.

Estimates of the volume of checks that are to be processed daily in the United States by the year 2,000 was about 150 billion daily. Electronic payment transfer systems could reduce this to about 25 billion daily, and contain the paper explosion, Mr Pena said.

Hong Kong was now at the first stage of electronic development with automated cheque clearing. The Philippines will have a similar system by the end of the year. Singapore was also committed to a system in which cheques were standardised with electronic coding for almost instant clearing, he said.

Singapore and Hong Kong were also considering the establishing of a retail electronic funds transfer system.

"So payments through electronic systems as far as South-East Asia is concerned is coming," Mr Pena added. — Reuter

GREATEST OBSTACLE TO ECONOMIC PROGRESS IS INFLATION

Kuala Lumpur BUSINESS TIMES in English 11 May 79 p 6

[Article by Leonardo B. Alejandrino, President, Jardine-Manila Finance, Inc.]

[Text]

BY ANY standards, the performance of the Philippine economy in the last five years has been satisfactory. The average rate of growth of real GNP from 1973 to 1978 was 6.8 per cent. The balance of payments during this period showed continued surpluses, although 1978 closed with a slight deficit of US\$56 million. Inflation has generally been controlled and was kept for most of the time below two digits. Investments as measured by gross domestic capital formation increased by an average of 11.7 per cent in the period 1973 to 1978.

This generally satisfactory state of the economy is founded on some real strengths in the political and economic structure of the country, among them being the political stability that has characterised the period from 1972 to the present. This view of a stable political and economic situation is shared by foreign bankers who in the last five years have increased their total loan commitments to the country from US\$2.9 billion in 1974 to US\$7.8 billion in 1978. The strong credibility of the Philippines in the world financial markets must also be attributed to the high calibre of government technocrats, and to the capable management of the country's external debt. For this, Mr Cesar

Virata has rightfully been described by a leading US magazine as one of the top five Finance Ministers in the world today. Mr Virata has, among others, restructured the country's foreign debt, thereby avoiding the bunching of maturities — which was one main reason for the massive devaluation of the peso in the late 1960s and early 1970s.

Economically, the country's main source of strength is its reserve of natural resources and its pool of relatively cheap and qualified labour force. Unfortunately, in the last few years, world prices of the country's major exports — sugar and copper in particular — have been depressed. The Philippines has therefore had to develop an export market for non-traditional products and labour services to make up for the slack in earnings from natural resource-based exports. The export of labour services is showing particular promise. In 1978, foreign exchange revenues from people-based services, principally tourism and labour export to the Middle East, enabled the country to finance half its foreign trade deficit.

The quality of manpower is also reflected in the country's financial infrastructure — all of it developed by local technology — which is considered one of the more

sophisticated in the region. The government hopes to capitalise on this advantage by developing Manila as a regional financial centre. In the last two years, 19 offshore banking units have established offices in Manila, and some of them are already making money.

So, there are some real and positive elements in the Philippine economy. And yet, one somehow feels that more could have been done. For, despite the satisfactory performance of the economy, the Philippines is generally considered not to have done as well as some of its neighbours, principally South Korea, Singapore and Taiwan.

The lag between the Philippine performance and that of the three countries mentioned above is the result of a basic policy decision taken by the Philippines in the early 1970s. Unlike South Korea, Singapore and Taiwan, which chose to base their growth on a hard-selling export programme, the Philippines, consciously or unconsciously, grew through development of the domestic economy. The Philippine approach was based on economic priorities and objectives at the time and by political considerations peculiar to the Philippines. As a result of these considerations, the Philippines in the early

1970s established an economic programme with three principal objectives: to establish self-sufficiency, to control inflation and raise employment, and to achieve economic growth within the shortest possible time.

The programme of self-reliance was in a sense a reaction to the world-wide recession that set in after the dramatic increase in oil prices in 1974. By building up the local market, the country sought to cushion the economy from the world-wide recession.

Thus, in the year 1973 to 1976, while the world economy experienced a recession, the Philippine economy grew at an average rate of 7.4 per cent per annum, fuelled largely by production of goods and services for local consumption, principally private construction (hotels in particular) and government works. The programme achieved the desired objectives to the extent that the economy was able to weather the world economic recession of the mid-1970s. Also, inflation was kept down to acceptable levels as a result of increased local production. The economic programme was financed by foreign loans, including the recycling of the so-called petrodollars. From 1974 to 1978, the country's foreign

debt grew by 169 per cent to US\$7.8 billion.

Like all economic programmes, however, its economic strategy had its drawbacks, the effects of which are now catching up. The first drawback was that the programme by its nature was essentially short-term. Economic growth based on local consumption could not be sustained because of the size of the Philippine market.

Second, since economic activity was geared largely to local consumption, it was not generating foreign exchange to service foreign debt. This affects the continuing ability to borrow abroad to finance government works, which must then be financed through higher taxes. Taxes have already gone up in the last two years.

Third, the growth in the initial phases of the programme tended to "cosmetise" — in the process hiding the need to develop at some point a real economic base, i.e., one supported by foreign exchange earnings. Only lately has the country fully realised the need to push its export programme and it is thus that far behind its more export-oriented neighbours in the development of foreign markets.

Fourth, the economic policy adopted, by its nature, was heavily dependent on government

direction and support. The economic importance of government in the overall growth effort had the unavoidable effect of further fostering an already intimidating government bureaucracy. Unfortunately, as with all such cases, the growth of the government organisation in turn tended to spawn areas for graft and corruption as well as to create numerous regulations which often proved burdensome to the private sector.

The Philippines is now in the stage of having come out of a period of relatively peaceful, domestic based growth to face the realities and the price of this peace. Thus, in the last two years, taxes have had to be raised to cover increasing government budgetary deficits. Exports have lagged drastically and imports risen, thereby widening the trade deficit — which at end-1978 was at its highest level of US\$1.4 billion. The economy's growth rate has also suffered somewhat. In 1978, real GNP grew at 5.8 per cent compared with the Five-Year Development Plan target of seven per cent.

The difficulties now being encountered are part of the pains the country will have to undergo as it moves from a domestic based to an export based economy. How long a transition it

will be depends on how quickly the country can redirect its efforts to building the country's foreign exchange generating base. Already, there are encouraging signs. Non-traditional exports increased by 157 per cent from US\$405 million in 1974 to US\$1,041 million in 1977. Revenues from export of labour may well be a big and continuing source of foreign exchange income.

On the domestic front, there is a definite and clearly stated policy to dismantle the bureaucracy and deregulate private industry. Such a move is actively supported by private businessmen.

The economic priorities for the future are now clearly geared to promoting industries for export and tourism. Internally, the programme of self-sufficiency is expected to be achieved through the development of labour-intensive projects in the medium and small-scale industries. These projects will conserve the country's capital reserve while promoting employment and consumption.

The biggest obstacle to rapid progress of the new economic programme is inflation. It has obvious social and political consequences, not least of which is that it affects the develop-

ment of a strong, politically stabilising middle class. The problem of inflation is compounded by the prospect of higher crude oil prices, at least in the short term. Already, the country is having to curtail some of its exports like cement in order to service local consumption and keep prices down. Such reallocation of resources to the local economy will delay the programme of export development. On the other hand, the government is considering lowering tariffs for selected imports in order to bring their prices down. Unfortunately, this measure will also raise the country's import bill.

Inflation is also creating internal conflicts. Thus, the production of certain goods has been affected by socialised price controls. There is an ongoing debate at the government level on the advisability of price control ceilings since these will eventually result in lower production of goods and deterioration in the quality of services.

This year is the first full year of transition to the new economic programme. Unfortunately, there are developments in the world economy which might necessitate some hard decisions at home to keep the economy on its course. — By special arrangement with Asian Finance, Hong Kong.

Economic Growth Indicators 1973-1978 (At Constant 1972 prices)

	Average 1973-1978	1973	1974	1975	1976	1977	1978	Average 1973-1978 (% p.a.)
GNP (%)	6.3	6.6	6.0	6.9	7.4	8.3	8.8	6.8
Government spending (% change)	12.3	11.5	15.0	16.3	14.9	8.2	6.7	10.7
Export receipts (% change)	11.2	14.5	11.8	(0.3)	18.9	26.7	13.8	2.2

Source: National Economic Development Authority
FDP: Five-Year Development Plan 1978-1983

External trade 1972-1978
(FOB in US\$ million, Current prices)

	1972	1973	1974	1975	1976	1977	1978	1973-1978 Average
Exports	1,106	1,588	2,725	2,295	2,574	3,161	3,218	—
Imports	1,230	1,597	2,143	3,469	3,834	3,899	4,826	—
Balance of trade	(124)	(89)	(418)	(1,174)	(1,260)	(738)	(1,608)	—
Annual growth rates (% change)		30.5	44.4	(15.7)	12.1	22.4	2.0	22.62
Imports		29.8	36.3	50.0	6.0	7.7	16.8	27.47

Source: Central Bank of the Philippines

TRADE TALKS WITH CHINA, POLAND, FINLAND

Copper to, Oil From China

Kuala Lumpur BUSINESS TIMES in English 4 May 79 p 18

[Text]

THE Philippines has agreed to export 30,000 metric tons of copper concentrates to China in 1979, government sources said today.

The agreement is contained in the list of import and export commodities for 1979, which China and the Philippines signed in Peking over the weekend.

The prices of the commodities would depend on the prevailing market rates at the time of shipment.

China wanted "as much copper as we can sell them," one source said, but because of commitments to other coun-

tries the Philippines can only export 30,000 metric tons this year.

He added that while China did not ask for a specific quantity of copper concentrates they estimated the requirements from the Philippines would be about 100,000 metric tons.

China on the other hand will continue to export to the Philippines 1.2 million metric tons of Shengli crude oil and the other minerals with a total value of US\$120 million at current prices.

China's export of 1.2 million metric tons of crude oil valued at

US\$120 million annually is covered under a separate agreement that will expire in 1981.

The agreement involves a total of 6 million metric tons of crude oil over five years.

Delegation sources also said under the 1979 commodity agreement, terms and transactions covering copper and other commodities to be exchanged between the two countries would have to be discussed between the foreign trade companies of China and private Filipino firms. — UPI.

Air Pact With China

Kuala Lumpur BUSINESS TIMES in English 9 May 79 p 1

[Text]

THE Philippines and China initialled today an air agreement that Philippine Airlines president Roman Cruz said will make Manila a gateway to China.

Mr Cruz said PAL will probably fly DC-8s to Peking twice weekly once the pact is signed in Peking.

Philippine Deputy Foreign Minister Jose Ingles and the first deputy director of China's General Administration of Civil Aviation, Mr Chang Jui-al, initialled the pact negotiated over the last week.

Mr Ingles said the Chinese government has invited President

Marcos' wife and Ecology and Human Settlements Minister, Imelda, to Peking to sign the pact.

Mr Cruz, who represented the state-owned PAL at today's ceremony, said he views the pact as a boon to Philippine tourism, bringing foreigners to the country for a stop-over before proceeding to China.

"Manila will be one of the gateways to China," Mr Cruz said. Tokyo and Hong Kong now offer the only direct access to Peking from non-communist territory.

The projected agreement designates PAL the country's only scheduled

international carrier and the airline of the Department of International Affairs of China's Civil Aviation Administration.

Mr Ingles said the proposed agreement is different from the air pact allowing PAL and Taiwan's China Airlines routes between Manila and Taipei. "The new agreement is a government-to-government," he stressed.

He said the Philippine government recognises neither the Nationalist China flag on China Airlines planes as a national flag nor China Airlines as a national airline. — AP

Poland Seeks Coconut Oil

Kuala Lumpur BUSINESS TIMES in English 12 May 79 p 12

[Text]

MANILA, May 12

CHINA wants to buy more copper concentrates, timber, chrome ore and raw sugar from the Philippines, the Trade Ministry announced today.

The Ministry said China's Deputy Foreign Trade Minister Liu Xiwen expressed interest in importing additional quantities of the commodities during discussions this week with Filipino trade officials.

The Ministry has been holding extensive trade discussions with delegations of countries and international trade or-

ganizations attending the 15th UN Conference on Trade and Development (Unctad) in Manila.

It said Poland's Minister of Commerce and Shipping Jerzy Olaszewski expressed his country's desire to import Philippine coconut oil and copra. Mr Olaszewski and Trade Minister Troadio Quizon Jr. also discussed the possible setting up of a crystal manufacturing plant and the manufacture of bagasse into furfural in the Philippines. — UPI.

Deficit in Trade With Finland

Kuala Lumpur BUSINESS TIMES in English 14 May 79 p 18

[Text]

MANILA, May 13

THE Philippines and Finland have agreed to expand their trade relations.

Philippine Trade Minister Troadio Quizon Jr disclosed this yesterday after emerging from talks with Finnish Trade Minister Fero Rantala who is in Manila to attend the United Nations Conference on Trade and Development session.

Mr Quizon said the trade imbalance the Philippines has had with Finland called for "some positive steps" by both countries.

He suggested that Finland co-sponsor a special Philippine products exhibition in Helsinki planned for spring 1980 and that the Finnish government assist the

Philippines in promoting joint ventures in this country.

He also suggested that Finland assist in organising a Finnish buying mission to the Philippines, co-sponsor a Philippine trade session to Helsinki late this year and sponsor more training programmes for this country, especially on trade promotions and shipping.

He also said the Philippines wanted more concessional loans from Finland to finance capital projects in export-oriented industries.

The Philippines had suffered deficits in its trade with Finland since 1975, ranging from US\$200,000 to US\$2.5 million last year. — AFP.

CSO: 4220

EXPORT ZONES SHIFT TOWARD ELECTRONICS MANUFACTURING

Kuala Lumpur BUSINESS TIMES in English 8 May 79 p 17

[Article by Adlai J. Amor in Manila]

[Text]

IN AN EFFORT to remain ahead of China's current push for industrialisation, the Philippines' three export processing zones are shifting gears towards the production of more high-technology and sophisticated electronic equipment.

"We anticipate that China will be a major competitor in the future and they can easily out-sell everybody with their cheap labour," said Teodoro M. Pena, chairman of the Export Processing Zone Authority (EPZA), in an exclusive interview with *Dep-thnews*.

Mr Pena also said that another major reason for the shift is that electronics manufacturing is the fastest-growing industry in the world today. "I think that it is time our people are exposed to higher and more sophisticated technologies," he added.

A major indication of this shift is the creation of two other export processing zones to augment the 1,200-hectare Bataan Export Processing Zone (BEPZ), already in existence since 1973. The BEPZ, with total investment reaching nearly US\$206 million, now has seven electronic equipment manufac-

turers among the 70 companies within the zone. These seven companies manufacture watches, transistor radios, camera flash guns, power amplifiers and other electronic equipment.

On Jan. 2, 1979, the country's second export processing zone opened in Mactan Island, some 300 kilometres southeast of Manila. The Mactan Export Processing Zone (MEPZ) is located in a 120-hectare area beside the Cebu International Airport which will facilitate the shipment of its products.

The first company to operate there is the US-based TMX, manufacturers of the leading watch in the US, Timex. Construction has started on a 1.3-hectare factory building to house the company which will eventually pour in an estimated US\$13.7 million into its Philippine venture.

Another electronics manufacturing firm, the Fairchild Industries, has

also indicated interest in putting up a plant in the Mactan Export Processing Zone.

The MEPZ is projected to accommodate about 81 light and labour-intensive factories, mostly manufacturing electronic equipment. Government expenditures for roads and factory buildings are expected to reach US\$38 million in five years but the zone is expected to attract investments worth about US\$165 million.

Work has also started in the country's third export processing zone in Baguio City, the Philippines' summer capital some 250 kilometres northeast of Manila. The Baguio zone is also located beside an airport but is the smallest among the three with its 50-hectare lot. It is located 3,000 feet above sea level.

Texas Instruments, the top electronics company in the US, is presently constructing its 2.5-

hectare factory which is expected to be finished by October this year. Mr. Peña estimates that the company will hire 2,000 workers and will have investments "easily exceeding US\$10 million."

The second top American electronics company, Motorola, has also shown interest in establishing a factory in the Baguio zone. If the deal pushes through, the company expects to start construction of its factory building by October 1979. Motorola is also expected to invest about US\$10 million in the Philippines.

"In the creation of both zones, the prime considerations are to bring industry and the benefits of industrialisation to other regions of the country, and to provide potential investors, particularly in the higher technology fields of and precision instruments, with acceptable alternative factory locations to an already overcrowded Metro Manila,"

Mr. Peña explained.

At the moment, the EPZA is considering the establishment of a similar export processing zone in Davao City in the strife-torn southern island of Mindanao. Davao is wellknown as the major source of Philippine bananas for export. The nearby port city of Zamboanga is also being considered but authorities are unsure about the peace and order situation there.

However, final decision on these two places will depend on the rate of development of the Mactan and Baguio zones.

Meanwhile, the Batangas Export Processing

Zone continues to increase its production. Exports this year are expected to exceed US\$122 million, up by 60 per cent from the 1978 production of US\$76.4 million. Net foreign exchange earnings for that 1978 period were estimated at US\$25 million.

At the end of the first quarter of 1979, BEPZ exports were estimated at US\$26 million. Leading the top grossers were: Ford Philippines Stamping Plant, which manufactures car parts, with a whopping US\$17.4 million in 1978 and Soltron Electronics (Phil.) Inc., with production valued at US\$7.9 million. Both companies increased their earnings by 100 per cent over that in 1977.

Local sales of BEPZ goods, which are done on a case-to-case basis, reached US\$4 million in 1978 from which US\$776,700 in Customs duties and taxes were collected.

While national employment growth did not even reach five per cent, BEPZ factories increased the number of their employees by 25 per cent from 15,054 in 1977 to 18,890 in 1978.

Mr. Peña traces the success of export processing zones in the Philippines to several factors: political stability, abundance of skilled workers and competent management personnel, facility with the English language and the comparatively low wage structure.

"But what is important is that we have gained the confidence of investors with our good track record," Mr. Peña said. — Depthnews Special.

PHILIPPINES

BRIEFS

POWER PLANTS INAUGURATED--The Philippines is ahead of most developing countries in tapping indigenous sources of energy. This was declared by Philippine President Marcos yesterday during the symbolic inauguration of another geothermal power plant in Tiwi, Albay, east of Manila and the (Davao) diesel power plant south of Manila. President Marcos said the exploitation of indigenous sources of energy is vital not only to national economy but also to national security. The Tiwi Geothermal Power Plant No 2, together with plant No 1, will provide 110 megawatts of power to the Luzon grid and metro Manila. [Text] [Manila FEBC in English 2330 GMT 27 Jun 79 OW]

CSO: 4220

SLUMP REPORTED IN SHIPBUILDING INDUSTRY

Kuala Lumpur BUSINESS TIMES in English 8 May 79 p 17

[Excerpts]

TOTAL revenue for Singapore's shipbuilding and repair industry fell by 15 per cent last year — the first time it has registered a double-digit fall since the slump in the industry three years ago.

In 1977, the first year of decline, revenue fell only 2 per cent over the year before.

The worst casualty last year was the shipbuilding sector, which registered minus 29 per cent growth at \$374 million.

Announcing this in the annual report of the Singapore Association of Shipbuilders and Repairers (Sasar), president Chua Chor Teck said his association hopes the newly-formed Ministry of Trade and Industry will play a more direct role in helping the industry.

Obviously referring to the large number of new-building contracts that the state carrier, Neptune Orient Lines (NOL), recently placed with shipyards in Japan, Mr Chua said Sasar hoped for help particularly in the "pursuit of projects connected with national fleet development".

Most of NOL's orders can be handled by the local Jurong Shipyard.

The other sector within the industry which did badly last year was the oil rig-building sector.

Revenue from oil rig construction fell by nearly 18 per cent to \$130 million, the lowest figure recorded for the past five years.

Shiprepairing, however, managed to hold its own with a marginal growth of 0.7 per cent and turnover at \$541 million.

This sector reverted to its former position as the dominant section of the industry, accounting for 52 per cent of total turnover.

The shipbuilding sector absorbed 36 per cent of total revenue, while the contribution of the oil rig construction sector fell to 12 per cent, compared with a peak of 25 per cent achieved in 1975.

Outlining the prospects for the various parts of the industry, Mr Chua said the despondent situation of the shipbuilding market is made plain by the 58 per cent drop in the number of vessels launched, from 526 in 1977 to 219 in 1978.

This is despite the technological progress of local shipbuilders. Some of their achievements —

— dynamically-positioned multi-purpose craneships, a series of 10 7,250 dwt fully cellular container-ships and floating tapioca transshipment plants which can accommodate vessels up to 150,000 dwt.

"Keen international competition and rising costs have relentlessly reduced their operating margins, and only the better-managed and more resourceful yards will be able to keep their heads above water."

Prospects, he added, lie mainly in specialised medium to small-sized vessels. But success in securing large contracts, he emphasised, depends on how effectively shipyards can cooperate in joint marketing drives, and on the extent of help from the Government.

The prospects for oil rig construction, however, are better. Yards are now operating with their normal workforce.

The optimistic outlook for this sector is based on the high level of exploration activities in many parts of the world, particu-

larly in South-east Asia, Mexico and West Asia.

The recent increase in oil prices is expected to give a further boost to offshore exploration and production.

Touching on shiprepairing, Mr Chua said the Salvage Association, in its annual survey, reported a 17 per cent drop in shiprepair prices here in 1978.

The pressure on prices, he said, will erode the already thin operating margins of the various shiprepair yards. But otherwise, projections for this sector are optimistic. This is because Singapore continues to be the premier tanker and repair centre in Asia.

"The shiprepairers continued to demonstrate their competitive edge, and in spite of the shipping recession and general overcapacity in VLCC (Very Large Crude Carriers) dry-docks around the world, they succeeded in maintaining an average occupancy rate of over 80 per cent for the 2.2 million dwt of dock capacity."

He said that the industry as a whole should, therefore, maintain — and perhaps improve — its performance in 1979 with increased contributions coming from shiprepairing and oil rig construction.

TAMIL EXTREMISTS ENGAGING IN TERRORIST ACTIVITIES

Kuala Lumpur BUSINESS TIMES in English 3 May 79 p 6

[Article by Robert Trumbull in Colombo]

[Text]

RACIAL violence again threatens the seeming outward serenity of this beautiful island that a poet once described, in a line often quoted here, as a place "where every prospect pleases and only man is vile."

A wave of terrorist killings by militant young extremists in the Tamil minority, a community of south Indian descent whose leaders have long demanded a separate state of their own, has added a grim new dimension to the ancient struggle between them and the Sinhalese majority, whose ancestors also came from India but are of the lighter-skinned Aryan race.

President J.R. Jayewardene, alarmed by a series of vicious murders attributed to a clandestine Tamil youth group called the Liberation Tigers, recently asked the parliament to renew the tough special police powers enacted as a temporary measure to curb bloody racial outbreaks two years ago.

Jayewardene, a Sinhalese, declared in a recent interview that the separatist issue is less dangerous to the country than the antagonism it engenders in the rival communities.

"The thinking is 'us and them,' that's the problem," the 73-year-old leader said, adding: "I'm not concerned by separatism but I'm concerned that some of the speeches might arouse the Sinhalese."

Earlier disturbances have resulted in the deaths of hundreds on both sides, widespread destruction of property and the migration of thousands of Tamils to the northern and eastern areas where their group predominates.

Disdainful of the more conservative leadership of their parent body, the Tamil United Liberation Front, a Tamil political party that now forms the official parliamentary opposition to Jayewardene's United National Party government, extremists in the Tamil party's youth wing have broken away to pursue what they call "direct action."

"While our leaders talk, we act," said a young Tamil firebrand who wished to remain anonymous. Official sources in Colombo say the faction represented by the Liberation Tigers numbers "a few hundred." The same sources said that only "a few thousand" of the 2.6 million Tamils in Sri Lanka — 30 per cent of the total population of about 12 million — want a separate Tamil state as a solution to their grievances against the Sinhalese majority.

Authorities hold the Liberation Tigers responsible for the murder of 14 policemen in the last two years or so. They are also blamed for the ambush in Colombo last year in which a policeman was killed and a member of parliament who had quit the Tamil

party to join the United National Party was wounded by gunfire. Additionally, they are accused of staging numerous bombings and bank robberies.

Nearly all the victims in the killings have been Tamils whom the Liberation Tigers are believed to have marked for death as "traitors" to the Tamil separatist cause because of their collaboration with the overwhelmingly Sinhalese authorities.

A conspicuous early victim in the terrorist campaign was Alfred Nuraliyappa, the Tamil mayor of Jaffna, the major city of the north, who was killed by unknown assassins in 1978.

The Tamil United Liberation Front disassociates itself from the terrorists, although the party leader, Appapillai Amirthalingam, occasionally hints at an eventual resort to force if the goal of "Tamil Eelam" — the Tamil state — is not achieved peacefully by negotiation with the government in a reasonable time.

Far from denying their guilt in the terrorist campaign, members of the Liberation Tigers pledge even more violence to come. "First we will eliminate the traitors in our midst. Then we will take on the government," said the anonymous spokesman.

Nevertheless, more Tamils are choosing to pursue the goal of equality for their community by joining the govern-

ment instead of opposing it.

"We have taken the cream of the Tamil-speaking people all over the country," said Prime Minister Ranasinghe Premadasa in an interview, alluding to the 18 Tamil members of the governing United National Party in the parliament. He declared that even in the north, where the Tamil United Liberation Front won all the parliamentary seats for that region in the last election in 1978, "there are people who would rather work for a democratic party than a communal one." — Day-thawa.

GARRISON COMMANDER CALLS FOR VIGILANCE AGAINST SUBVERSIVES

Taipei LIEN HO PAO in Chinese 1 Jul 79 p 2 OW

[Text] A meeting marking the 21st founding anniversary of the Taiwan Garrison Command and the 15th founding anniversary of the Chun Kuan Chu Command [6511 4619 0575 6674 0109 6752, a military organization at the provincial level in charge of conscription, training and mobilization of recruits and reservists, etc.] was held on the morning of 30 June at the Chungcheng Hall of the Taiwan Garrison Command. General Wang Ching-hau [3076 2417 3563], commander of the Taiwan Garrison Command and concurrently commandant of the Chun Kuan Chu presided over the meeting.

The general presented awards to 45 outstanding officers and men including Colonel Niu Chih-hung and Sergeant Hsieh Yu-chin.

He pointed out in a speech: The communist bandits are doing all they can to create the so-called "conditions for victory in liberating Taiwan" in our renaissance base, meaning creating division and conflict and losing the distinctions between right and wrong and between the enemy and ourselves. Bearing the brunt of such onslaughts, the Taiwan Garrison Command has the unshakeable duty of preventing the coming and going of enemy spies, preventing saboteurs from obtaining weapons and subversives from spreading rumors, creating confusion and damaging the morale of the armed forces and the people in general. This is a challenge to all officers and men of the garrison command. We will certainly frustrate these evil activities if we all do our best under the firm leadership of the leadership center.

He said: We should treasure the economic prosperity and social stability achieved over the past 30 years thanks to the farsightedness of our government. Whoever attempts to undermine this situation in pursuit of his personal gains is our enemy and must be eliminated.

CSO: 4205

TAIWAN

TAIWAN TO RAISE FUEL OIL PRICES STARTING 30 JULY

Taipei CNA in English 1448 GMT 29 Jun 79 OW

[Text] Taipei, 29 June (CNA)—The government will raise the fuel oil price from NT \$ 3,100 (U.S. \$ 86.10) to NT \$ 4,100 (U.S. \$113.90) per kiloliter, Economics Minister Chang Kwang-shih said Friday.

Speaking at a press conference, Chang said that the 32 percent increase in price on the domestic markets which will become effective Saturday, is primarily to cope with the recent increase in oil price by the oil exporting countries.

The range of increase would not create a serious impact upon commodity prices, Chang assured the reporters, saying that the government had well considered all the factors, including the economic situation, and the living cost before the decision was made.

Furthermore, the new oil price in this country remains to be the lowest as compared with Japan and South Korea, both priced equivalent to NT \$3,800 and NT \$4,200 per kiloliter respectively, Chang said.

The prices of diesel oil, gasoline and other related oil products will remain unchanged. Further adjustment will be made if the situation justifies after a period of three months, Chang said.

As for the price of electricity, it will be determined by Taiwan Power Co on the basis of its business performance of the state enterprises during fiscal 1979 which ends on 30 June, Chang said.

Chang said that the government is working on a concrete measure to stabilize the domestic commodity prices. But he is quite sure that the nation's economy will continue to maintain a growth rate of 8.5 percent and the export will not be affected by the increase on oil price.

CSO: 4220

TAIWAN DECIDES ON MEASURES TO PROMOTE FOREIGN TRADE

Taipei CNA in English 1400 GMT 3 Jul 79 OW

[Text] Taipei, 3 July (CNA)--The Ministry of Economic Affairs has decided to take measures to promote the nation's foreign trade in the wake of oil price increases.

An economic official said the new oil prices affect economic development of many countries in the world. The new oil prices will have a big impact on both (economic) growth and trade expansion in the world. To cope with the new situation, the ministry will adopt the following measures:

- Help traders and manufacturers import essential commodities and raw materials.
- Expand Chinese trade offices abroad and set up more such trade offices.
- Liberalize restrictions on the [words indistinct] private enterprises of offices and [words indistinct]
- Simplify export and import procedures.
- Encourage big trading companies to expand exports to designated areas, financial assistance will be provided to such firms.
- Step up efforts in conducting market surveys in foreign countries.
- Negotiate with foreign countries to remove trade barriers.

CSO: 4220

TAIWAN

TAIWAN PREMIER: OVERSEAS ECONOMIC TRENDS NEED ANALYZING

Taipei CNA in English 1354 GMT 2 Jul 79 OW

[Text] Taipei, 2 July (CNA)--Premier Sun Yun-suan Monday said the Council for Economic Development and Planning should place emphasis on analyses of overseas economic development trends, including those on the China Mainland, in reference to the government in mapping long-term economic development plans.

The premier made the statement after hearing a briefing during an inspection tour of the council.

In particular, Premier Sun said, the council should take measures to offset adverse effects caused by a worldwide oil shortage and international trade protectionism.

To [words indistinct] economic growth, the premier said, positive steps must be taken to adjust the domestic economic structure in the face of fast changing world economic trends.

Premier Sun conveyed to the council a message of encouragement from President Chiang Ching-kuo and urged the council to make redoubled efforts to carry out the nation's reconstruction projects.

Among those accompanying the premier on the tour were Vice Premier Hsu Ching-chung and Chu Shao-hwa, secretary-general of the executive Yuan.

CSO: 4220

TAIWAN ECONOMIC COUNCIL PREPARING 10-YEAR PLAN

Taipei CNA in English 0239 GMT 3 Jul 79 OW

[Text] Taipei, 3 July (CNA)--The Council for Economic Planning and Development is mapping out a 10-year economic development plan aimed at strengthening the nation's infrastructure, helping establish the national defense industry, and expanding exports of Taiwan products.

The council points out that the current six-year economic development plan in the first three years (1976-1978) has already produced results exceeding the targets set for the plan.

Because of the Republic of China's sustained economic recovery, the council has projected the nation's economic growth rate at 8.5 percent a year for the second three years (1979-1981) under the six-year plan. The council says that judging from the nation's economic performance and potential, this target will be achieved.

The 10-year plan consists of two parts. The first part covering the first five years will be worked out in detail, while the second part for the second five years will include only general guiding principles. This will enable the government to maintain flexibility in the face of the changing world economy.

CSO: 4220

TAIWAN OFFICIAL: IOC HAS NOT DECIDED ON CHINA ISSUE

Taipei CNA in English 0936 GMT 3 Jul 79 OW

[Text] Taipei, 3 July (CNA)--The executive board of the International Olympics Committee (IOC) has not reached a decision on the China issue, Lawrence Ting, Vice Chairman of the Republic of China Olympics Committee (ROCOC), refuted an erroneous report Monday upon his return from San Juan, Puerto Rico.

Ting, who attended the executive board meeting held late June in San Juan, said the board has not yet voted on the suggestion submitted by the three-man China Ad Hoc Committee.

The committee has reportedly drafted a recommendation for the IOC to recognize Red China, change the name of ROCOC to Chinese Olympics Taipei Committee and ask the latter to give up the use of its national flag and anthem.

Ting said the suggestion which contradicts an IOC Lausanne Plenary Session Resolution has not been adopted by the executive board. The Lausanne resolution allowed the establishment of Chinese Olympics Committee Peiping as well as a Chinese Olympics Committee Taipei.

"The Ad Hoc Committee made an administrative mistake of leaking it prior to passage," Ting explained, "and that caused erroneous reports." It is also untrue that the issue will be voted on via mail after the IOC meeting in Nagoya in October, Ting said.

Some 50 IOC members who uphold strongly the Lausanne decision do not consider mail balloting proper, Ting reported. He revealed, however, that the Executive Council has formally requested ROCOC's opinion on the three-man Ad Hoc Committee suggestion before the Nagoya meeting.

CSO: 4220

TAIWAN OFFICIAL COMMENTS ON MAINLAND'S NPC SESSION

Taipei CNA in English 0233 GMT 5 Jul 79 OW

[Text] Taipei, 5 July (CNA)--Free China should heighten its alertness against Peiping's new united front schemes, Pai Wong-Hsiang, director of the Department of Mainland Affairs of the Kuomintang Central Committee, said Wednesday.

In the wake of the convention of the second session of the fifth "National People's Congress," and the "People's Political Consultative Conference" in Peiping recently, the Peiping regime has announced it will intensify its united front maneuver against Taiwan, Pai said.

Pai made the remarks in a report on the Chinese mainland situation at a meeting of the Kuomintang Central Standing Committee.

A news conference held before the "National People's Congress," giving details on the congress, was unprecedented for the Peiping regime, Pai said, adding:

"This move was designed to show the normalization and democratization of the regime." Furthermore, Pai said, the convention of the NPC was intended to give a facade of "political stability and democracy" to the outside world.

The so-called "economic readjustment" by the Peiping regime is tantamount to an end to the ambitious "10-year National Economic Reconstruction Plan," and indicates failure for the regime in its implementation of the "four modernizations," Pai said.

The abolishment of the "revolutionary committees" at all levels means an end of the cultural revolution, Pai noted. The new lineup of leadership of the present "NPC" and the "state council" of the regime is a result of temporary compromise, Pai pointed out.

CSO: 4220

TAIWAN TO CREATE ENERGY ADMINISTRATION COMMISSION

Taipei CNA in English 0253 GMT 3 Jul 79 OW

[Text] Taipei, 3 July (CNA)--An energy administration commission will be set up shortly under the Ministry of Economic Affairs to tackle the energy crisis, Economics Minister Chang Kwang-shih disclosed Monday.

Addressing the weekly Sun Yat-Sen memorial meeting of the Kuomintang Central Committee, Chang said that the energy problem has become more critical and complicated. The whole world is faced with energy shortage and oil prices are expected to continue to soar, Chang said. Under such circumstances, the people of the nation should cooperate with the government's energy conservation drive to tide over difficulties which will affect the nation's economic growth, Chang said. Touching on the nation's economic development plans, Chang said:

- The government will continue to tap oil resources at home and abroad.
- The government will continue to tap all kinds of oil products and chemicals.
- The government will organize a technical service team to help domestic factories conserve fuel oil.
- The government will continue to take measures to hold down and stabilize commodity prices at home.
- The government will continue to secure sources of supply of daily necessities.
- The government will strengthen the farm mechanization program and increase farmer's income to narrow the gap between farmers and the non-farmers.
- The government will promote heavy and sophisticated industrial development.
- The government will continue to diversify overseas markets and secure sources of supply of raw materials.
- The government will take measures to improve the investment climate to attract more foreign investments.

TAIWAN'S FOREIGN MINISTRY SPOKESMAN HOLDS PRESS CONFERENCE

Taipei CNA in English 0230 GMT 30 Jun 79 OW

[Text] Taipei, 30 June (CNA)--The Ministry of Foreign Affairs is watching closely the development of the current situation in Nicaragua and will do its best to provide necessary assistance to the Nicaraguan people, Charles King, spokesman for the ministry, said Friday.

In reply to a query at a press conference, King said that based on the traditional friendship between the two countries, the Republic of China will offer necessary help to the war-torn people of Nicaragua. However, he did not elaborate on what kind of help the Chinese government is to offer.

On the Vietnamese refugee people, King said the Chinese communists should be held responsible for this human tragedy. He expressed suspicion about the Peiping regime's decision to receive some of the refugees.

According to wire service reports, the Chinese communist regime's "vice premier" Li Hsien-nien had told American officials that the regime would consider establishing refugee camps. King pointed out that the Chinese communists are responsible for the flood of Indochinese refugees, because their invasion of Vietnam promoted the Vietnamese regime to retaliate against the ethnic Chinese by driving them out to sea.

"As culprits, the Chinese communists cannot be trusted, and their words cannot be taken at the face value," King said.

At the same press conference, King also reiterated the nation's sovereignty over the Tiaoyutai Islands or the Senkaku Islands as called by the Japanese.

"The Republic of China's sovereignty over the island group shall not be affected by any measure taken by any party," he said.

King condemned the Peiping regime for offering to prospect resources around the islands with Japan.

"The Chinese communists are a group of rebels. They have no right to make any promise to Japan concerning the Tiaoyutai Islands in the name of China," he said.

ECONOMICS MINISTER SURVEYS TAIWAN'S ECONOMIC SITUATION

Taipei CNA in English 1359 GMT 2 Jul 79 OW

[Text] Taipei, 2 July (CNA)--Soaring world oil prices is certain to slow down the nation's economy to some extent, Economics Minister Chang Kwang-shih said Monday. However, Chang said, completion of the 10 major economic reconstruction projects have clearly cushioned the adverse impact of the energy crunch on Taiwan's economy.

With two reactors of the first nuclear powerplant becoming operational, demand for fuel oil has eased somewhat and expansion of the petrochemical industry assures a sufficient supply of medium petrochemical products for domestic demand, thereby easing the heavy dependence of imports of these products, the economics minister said.

The urgent and crucial problem now facing the nation is how to secure energy resources needed for the nation's economic development, Chang said at a weekly Dr Sun Yat-sen memorial meeting of the Kuomintang Central Committee.

Touching on the current domestic economic situation, Chang said that, according to estimates, the economic growth for the first quarter of this year was 10.7 percent and that for the second quarter, 9.2 percent.

The growth of the heavy and petrochemical industries tripled that of light industries during the first five months of this year, indicating that the nation's economy is advancing toward a higher level, Chang pointed out.

Foreign trade continued growing, reaching US \$ 11,200 million in the January-May period, up 31 percent from the same period of last year, Chang said. Of the total, exports amounted to US \$5,800 million and imports, US \$5,400 million, leaving a surplus of US \$400 million.

Industrial products dominated the export sector, accounting for 89.8 percent of total sales abroad, Minister Chang noted. In May and June the U.S. markets were sluggish, causing a decline in Taiwan exports to the U.S., Chang said.

Despite worsening world economic situation resulting from mounting oil prices, Chang said, the nation's foreign trade is expected to hit the target of US \$27,000 million set for this year.

Foreign investments in Taiwan continued to grow, a total of 76 investment applications totaling US \$145 million made by foreigners and overseas Chinese were approved in the first five months, Chang said, adding the volume represented 70 percent of the total value of foreign investments recorded last year.

Most of the investments were made in capital- and technology-intensive industries, the economics minister said. Economic ties between the nation and the United States have been strengthened in spite of the absence of formal diplomatic relations between the two countries, Chang said.

Investments from the U.S. continued to pour in especially in the sector of heavy industry, Chang said.

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TAIWAN

TAIWAN-U.S. TRADE FIGURES RELEASED FOR 5-MONTH PERIOD

Taipei CNA in English 0245 GMT 27 Jun 79 OW

[Text] Taipei, 27 June (CNA): The Republic of China's two-way trade with the United States totaled US \$3,200 billion, with exports amounting to US \$2,012.5 million and imports US \$1,177.4 million in the first five months of this year, S. K. Shao, director-general of the Board of Foreign Trade, said Tuesday.

He said the Republic of China's surplus in trade with the United States dropped substantially in the five-month period as compared with the surplus registered in the same period of 1978. The trade surplus totaled US \$835 million, a reduction of US \$129 million from US \$964 million registered in the same period of last year.

He pointed out that the Republic of China's imports from the United States during the first five months of this year grew 30.9 percent from US \$899.3 million registered in the same period of the preceding year. Exports to the United States during the same period also increased 8 percent as compared with the like period of 1978.

It is estimated that the two-way trade between the two countries will break the US \$9 billion mark this year. Trade between the two countries totaled US \$7,384.4 million in 1978.

CSO: 4220

OFFICIAL REPORTS ON ECONOMIC DEVELOPMENT

Taipei CNA in English 0253 GMT 10 Jul 79 OW

[Text] Taipei, July 10 (CNA)--In the past two decades, the Republic of China's annual economic growth rate has averaged 8 percent and the per capita income during the same period jumped from U.S. dollars 138 to U.S. dollars 1,417, K. H. Yu, chairman of the Council for Economic Planning and Development, said Monday.

Reporting on the nation's economic development at the first national development seminar of the Republic of China for 1979, Yu said that the Gross National Product (GNP) in 1978 was 8.8 times that of 1951.

Touching on the government economic policy, Yu said that the government is placing emphasis on a balanced development of growth and stabilization.

To achieve this goal, the government has taken measures to stimulate industrial development in the private sector and improve the investment climate to attract more foreign investment.

Through a concerted effort between the government and the people, the Republic of China has achieved a remarkable economic achievement, Yu said.

In line with the rapid economic development, the nation's economic structure has dramatically changed. The proportion of industrial products in the nation's overall output has reached 40 percent while that of the agricultural products has declined to 13 percent, Yu said.

In industrial development, the private sector has played an important role in the national industrial structure, and the proportion of public enterprises in the industrial sector declined from 57 percent in 1952 to 21 percent in 1978 while that of the private sector increased from 43 percent in 1952 to 79 percent in 1978, Yu said.

In 1978, the nation's foreign trade ranked 21st in the world and became the seventh largest trading partner of the United States, Yu said.

Employment increased 100 percent during the 1952-1978 period, Yu said.

He stressed that the nation's economic structure will continue to improve after completion of the nation's 10 economic development projects, which will strengthen the competitiveness of Taiwan-produced products in international markets.

More than 260 scholars and experts at home and abroad are taking part in the 17-day seminar. The meeting opened last Friday.

CSO: 4220

FOREIGN TRADE FIGURES FOR JANUARY-JUNE RELEASED

Taipei CNA in English 0305 GMT 10 Jul 79 OW

[Text] Taipei, July 10 (CNA)—The Republic of China's foreign trade in the first half of this year amounted to U.S. dollars 13,958 million, an increase of U.S. dollars 3,445.7 million or 32.8 percent over the like period of 1978, according to customs statistics.

Exports in the January-June period totaled U.S. dollars 7,232.1 million, up 29.4 percent, and imports amounted to U.S. dollars 6,725.9, up 36.6 percent from the same period a year earlier.

The trade surplus in the period reached U.S. dollars 506.2 million against U.S. dollars 661.9 million for the same period of 1978.

In June alone a favorable trade balance of U.S. dollars 104.8 million was recorded from a two-way volume of U.S. dollars 2,710.2 million.

A breakdown of the trade structure in the first half of the year shows:

Exports:

Agricultural products: U.S. dollars 328.7 million, accounting for 4.6 percent of the total exports.

--processed agricultural products: U.S. dollars 391.7 million or 5.4 percent.

--industrial products: U.S. dollars 6,511.7 million or 90 percent.

Imports:

--capital goods: U.S. dollars 1,653.7 million, making up 24.6 percent of the total imports.

--raw materials: U.S. dollars 4,635.9 million or 68.9 percent of the total imports.

--consumer goods: U.S. dollars 436.3 million or 6.5 percent.

The United States and Japan remained the biggest trading partners of the Republic of China in the period.

Exports to the United States in the first half of the year reached U.S. dollars 2,541 million, representing 35.1 percent of the total exports. Japan was the second market of free China with sales to the island empire in the period hitting U.S. dollars 1,078.1 million, or 14.9 percent. Exports to Hong Kong totaled U.S. dollars 511.3 million or 7.1 percent.

Japan was the biggest supplier with its shipments to free China reaching U.S. dollars 2,199 million, accounting for 32.7 percent of the total imports.

Imports from the United States were U.S. dollars 1,498.8 million or 22.3 percent, and those from Kuwait hit U.S. dollars 427.1 million or 6.4 percent.

The Republic of China has set its foreign trade goal at U.S. dollars 27 billion this year. Exports have been set at U.S. dollars 14 billion and imports at U.S. dollars 13 billion with a surplus of U.S. dollars 1 billion.

CSO: 4220

GOVERNMENT TAKES STEPS TO SOLVE ECONOMIC DIFFICULTIES

Taipei CNA in English 0944 GMT 9 Jul 79 OW

[Text] Taipei, July 9 (CNA)--The government has taken steps to counter a combination of difficulties on the economic horizon this year, Yu Kuo-hua, chairman of the Council for Economic Planning and Development, said Monday.

Briefing participants of the first national development seminar for 1979 on the economic situations of the nation, Yu expressed confidence that the Republic of China will be able to ride out the economic storm ahead just as it did during the oil crisis of 1974-75.

Yu listed the newly developed economic obstacles as the latest energy crunch, the rise of protectionism, worldwide inflation and possible universal economic recession.

To cope with the situation, the government has been employing the various credit systems to regulate the money supply, appropriated large import important [as received] raw materials amounts of foreign exchange to and food grains for stockpiling, made fiscal and tax adjustments to maintain price stability, revised the statute for encouraging foreign and overseas Chinese investment and enforced energy conservation measures.

These steps are expected to minimize the impact of the unfavorable economic factors, Yu said.

Furthermore, he continued, the completion of the 10 major construction projects and the implementation of the 12 new national projects have significantly improved the economic structure of the nation and strengthened the nation's export capacity.

Yu also gave the seminar participants a rundown of the economic progress achieved since the nation started its economic buildup in 1952. He listed the following facts:

--the 1978 GNP was 8.8 times that of 1952.

- per capita GNP last year was \$1,417 compared with \$138 in 1952.
- the average annual economic growth between 1962 and 1978 was a high 8 percent.
- industrial output now accounts for 40 percent of the GNP compared with 18 percent for agricultural production. In 1952, it was 36 percent for agricultural output and 18 percent for industrial production in 1952.
- last year, the Republic of China became the 21st large exporting nation in the world, the seventh largest trading partner to the U.S.
- full employment has been achieved since 1971.
- the gap between the rich and the poor has been steadily narrowing. A World Bank survey in 1974 found the Republic of China to be at the top among 66 nations in terms of the distribution of wealth.
- statistics on infant mortality, life expectancy, school attendance, nutrition intake, and power consumption all point out that the quality of life in the Republic of China has scored marked improvement over the past years.

CSO: 4220

JAPANESE TV BROADCASTS INTERVIEW WITH PREMIER SUN YUN-HSUAN

Taipei CNA in English 1342 GMT 7 Jul 79 OW

[Text] Tokyo, July 7 (CNA)--Premier Sun Yun-hsuan of the Republic of China said in (?an interview) broadcast by the Chiba Television Network Friday night that the Republic of China has never been isolated from the international community.

He said free China still maintains economic and trade relations with more than 140 countries. "So long as we can make continuing progress in the political, economic, social and cultural fields, in a sharp contrast to the economic confusion and political struggle on the China mainland, our friends supporting us will increase day by day."

The premier reiterated that the government's policy not to make contacts with communist countries remains unchanged. He said this is [words indistinct] basic means" to preserve freedom, democracy, prosperity and a stable society in Taiwan. He said the communists are good at the trick of division, infiltration and subversion.

In the interview, Sun said the normalization of U.S.-Red China relations early this year has strengthened the unity and patriotism of the people in [words indistinct] further consolidating the confidence of the government.

Sun said political warfare is the main strategy for the Republic of China to recover the mainland to relieve the mainland compatriots from communist persecution.

Sun said communism has caused calamities on the mainland, while the three principles of the people have created economic prosperity and happiness for the people in Taiwan, showing that Marxism-Leninism has failed on the mainland and the three principles of the people are successful in Taiwan. He said this is the "initial effect" of free China's political counterattack.

In addition to the interview with Premier Sun, the Chiba TV also reported in the 30-minute program the demonstrations against U.S. decision to establish ties with Peiping and the opening of the American Institute in Taiwan.

The Chiba TV (Channel 46) will continue to broadcast 12 other programs every Friday night between July 13 and Sept. 28 to introduce the Republic of China to the Japanese people.

Those programs, produced by China TV, will also be televised between this month and October by seven other local TV networks.

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BRIEFS

NO GAS RATIONING PLANS--Taipei, July 6 (CNA)--Chinese Petroleum Corp. has no plans to ration gasoline or to restrict the volume of supply for fear of creating inconvenience to the public, a senior official of the state-owned oil firm said Thursday. Speaking at a panel discussion sponsored by the Broadcasting Corporation of China, the official said that the government has worked out measures to cope with any situation of emergency and oil rationing will not be enforced unless the situation justifies it. The official urged the public to voluntarily conserve consumption of gasoline in order to avoid rationing. [Text] [Taipei CNA in English 0244 GMT 6 Jul 79 OW]

FACTORIES CONSERVE ENERGY--Taipei, July 6 (CNA)--Local medium and small factories over the past two or three years have conserved at least 130,000 kiloliters of oil worth NT dollars 300 million (US\$8.3 million) [as received] thanks to the government's energy-conservation measures, a spokesman of Chinese Petroleum Corp. said Thursday. Since the last energy crisis CPC has organized teams of technicians to help medium and small factories conserve energy. Since an average 25 percent oil price hike announced by OPEC last week, the spokesman said, CPC has decided to increase the number of such teams to help 300 big factories that consume more than 100 kiloliters each month conserve energy. According to an estimate, power plants use 30 percent of the total energy consumed in Taiwan, followed by industries, 25 percent; automobiles, 15 percent; petrochemical factories, 10 percent; households, 4 percent; aircraft, 2 percent and ships, 1.25 percent. [Text] [Taipei CNA in English 0236 GMT 6 Jul 79 OW]

PANAMANIAN ENVOY--Panamanian ambassador to the Republic of China Ramon Sieiro, who returned earlier in the week from a 3-week home consultation to Panama leading a Chinese delegation, said Friday that Panamanian President Dr Aristedes Royo reiterated his support of the Republic of China. Ambassador Sieiro said that President Royo told him of his hope that relations between the two countries could be further strengthened. The ambassador said in a press interview that the delegation composed of Chinese industrial and commercial executives was warmly received by the Panamanians. The ambassador added some of the visitors gained immediate interest with orders and contracts to buy and sell. The ambassador said "I was homesick and had to come back as soon as possible" referring to his wife and children who are all living in Taipei. [Text] [Taipei International Service in English 0100 GMT 7 Jul 79 OW]

SAUDI MINISTER ARRIVES--Taipei, July 9 (CNA)--Prince Nayif [ibn 'Abd al-'Aziz al Sa'ud], Saudi Arabia's minister of the interior, accompanied by an entourage of 20, arrived in Taipei Friday to a warm welcome by Chinese government officials led by Vice Premier Hsu Ching-chung. The Prince, who is fourth in line of the succession to the throne, was accorded a 19-gun salute when he descended from a special plane which landed at noon at the Sungshan Military Airport in Taipei. Accompanied by Vice Premier Hsu, Prince Nayif also reviewed an honorary guard and met government officials greeting him at planeside, including Interior Minister Chiu Chuang-huan, ambassador to Saudi Arabia Hsueh Yu-chi, and Taipei Mayor Lee Teng-hui. Prince Nayif, who is here on a weeklong official visit at the invitation of the Chinese Ministry of the Interior, is the highest official to visit Taiwan since King Faysal made a state visit here in 1971 at the invitation of President Chiang Kai-shek. The visitors will meet with Premier Sun Yun-suan, Interior Minister Chiu, and Foreign Minister Y. S. Tsiang to discuss ways to promote cordial relations between the two countries. They will also call at economic, cultural and military complexes in various parts of the country. [Excerpt] [Taipei CNA in English 0957 GMT 6 Jul 79 OW] Taichung, Central Taiwan, 9 July--Prince Nayif, Saudi Arabia's minister of the interior, Monday visited an air force base in central Taiwan. The Prince highly praised the high morale and strong combative spirit of the Chinese Air Force. Later in the day, the Prince called on Taiwan Gov. Lin Yang-kang, and Gov. Lin entertained him at a lunch. In the afternoon the Saudi official called on Foreign Minister Y. S. Tsiang. On Tuesday, Prince Nayif will visit economic establishments in southern Taiwan. Saudi Ambassador Ayn al-Dabbagh, will play host at a reception Tuesday to introduce the Prince to government and civic leaders of the Republic of China. The Prince is currently on a weeklong official visit. Accompanied by an entourage of 20, he arrived in Taipei Friday. [Text] [Taipei CNA in English 1352 GMT 9 Jul 79 OW]

SAUDI POWER COMPANY CHIEF--Taipei, 9 July--Mohmoud A. Taiba, governor of Electricity Corp. of Saudi Arabia, accompanied by his wife and a party of five, left Taipei Monday. Taiba has exchanged views with government leaders on operation and maintenance of a power plant and a power transmission system in the Al Baha District of Saudi Arabia with the assistance of technicians from Taiwan after its completion next April. The Taiwan Power Co. has agreed to dispatch a 240-member delegation of technicians to Saudi Arabia. The formal agreement will be signed in Riyadh in late July. Taiba has visited two nuclear power plants and a thermal power plant in Taiwan. Taiba arrived here last Tuesday, [Text] [Taipei CNA in English 1410 GMT 9 Jul 79 OW]

EXPORT, IMPORT FIGURES--Taipei, 9 July--Exports from Taiwan's three export processing zones in the first half of this year amounted to U.S. dollar 525,000,000 an increase of 34.53 percent compared with the same period of 1978. Imports of capital goods and raw materials in the same period reached U.S. dollar 274,930,000, up 14.38 percent over the like period of last year. Exports surpassed imports by U.S. dollar 250,67 million in

the period in comparison with the U.S. dollar 150.3 million in surplus in the January-June period of 1978. At present, a total 267 factories are operating in the three zones. Thirty-three others are planning to begin operation soon. [Taipei CNA in English 1328 GMT 9 Jul 79 OW]

SUBMARINE CABLE OPENS--Taipei, 9 July--Communications Minister Lin Chin-sheng opened the first submarine cable between Taiwan and the Ryukyus at Toucheng, Yilan Monday morning. The cable runs 680 kilometers underseas from Taiwan to the Ryukyus. It took one year and 10 months to lay the cable. This is the first coaxial international submarine cable the Republic of China has laid. The inauguration at Toucheng, a coastal town in Yilan County was witnessed by communications officials from Japan, the United States, Great Britain, Switzerland, Austria, Italy, the Philippines, Korea, Indonesia and Thailand. According to the directorate general of telecommunications, the cable is capable of transmitting 480 lines at 4000 hz or 630 lines at 3000 hz. Currently, two more submarine cables are being laid. One will connect Taiwan with Guam, and the other with the Philippines. [Text] [Taipei CNA in English 1008 GMT 9 Jul 79 OW]

MINISTER TO COLOMBIA--Taipei, 6 July--Vice Foreign Minister H. K. Yang, accompanied by Lin Chi-cheng, deputy director of the Department of Central and South American Affairs of the Foreign Ministry, and Shih Ting, a secretary, left Friday for Cartagena, Colombia, to preside over a conference of chiefs of missions in Central and South America. The conference will be held on July 12-15. The participants in the conference will include Ambassador to Bolivia Wu Tsu-yu, Ambassador to Costa Rica Wuwen-hui, Ambassador to Colombia Sampson C. Shen, Ambassador to El Salvador Lo Yu-lun, Ambassador to Guatemala Mao Chi-hsien, Ambassador to Honduras Tang Ching-hsien, Ambassador to Nicaragua Hsueh Jen-yang, Ambassador to Panama Tseng Hsien-kuei, Ambassador to Paraguay Hu Hsin, Ambassador to Uruguay Chen Sing-fei, Ambassador to the Dominican Republic Tung Tsung-san, and Ambassador to Haiti Lt Nan-hsing. Vice Minister Yang is scheduled to return here on July 20. [Taipei CNA in English 1414 GMT 6 Jul 79 OW]

FOREIGN TRADE TARGETS--Taipei, 6 July--View of current changes in the international economic situation, the Board of Foreign Trade (BOFT) is considering revising this year's foreign trade targets. BOFT's current forecasts put total two-way trade for the year at U.S. dollars 27 billion, with exports set at U.S. dollars 4 billion and imports at U.S. dollars 13 billion for a trade surplus of U.S. dollars 1 billion. However, with soaring petroleum prices and the deteriorating economic situation worldwide, exports are declining and imports are surging ahead. According to unofficial customs statistics, Taiwan registered a U.S. dollars 25 million trade deficit in June, the first monthly deficit since April 1977. [Text] [Taipei CNA in English 0953 GMT 6 Jul 79 OW]

THERMAL POWERPLANTS--Taipei, 6 July--Taiwan Power Co. plans to build thermal powerplants with 20 generating units totaling 8-45 million kilowatts in capacity in the next decade, an official said Thursday. He said by 1989, Taipower's thermal powerplants will have a combined capacity of

13.47 million kilowatts, accounting for 58 percent of the total power generation. Taipower now imports 2 million tons of coal a year. With the establishment of more thermal powerplants, the state-run company will increase its coal imports to 12 million tons annually by 1989. The United States, Canada, Australia and South Africa will be the major suppliers of coal to Taiwan. [Taipei CNA in English 0257 GMT 6 Jul 79 OW]

JAPAN TRADE SYMPOSIUM--Taipei, 4 July--Chinese and Japanese industrialists Tuesday held a trade symposium to exchange views on trade between the two countries. Among the Chinese and Japanese industrialists who attended the symposium on the trade between the Republic of China and Japan, were Noboru Goto, President of the Japanese Tokyo conglomeration, Chang Kuo-an President of He San Yang Motor Industrial Corp., C. F. Koo, President of the Chinese National Association of Industry and Commerce. Goto arrived here Monday as leader of a Japanese purchasing mission, composed of buyers of department stores, chain stores, and garment dealers. Members of the Japanese mission will meet again Wednesday with their Chinese counterparts on textiles, food, products and grain supplies. [Text] [Taipei CNA in English 1404 GMT 4 Jul 79 OW]

SAUDI POWER CHIEF --Taipei, 4 July--Mahmud A. Utaiba, governor of Electricity Corp. of Saudi Arabia, called on Economics Minister Chang Kwang-shih and Chen Lan-kao, Board Chairman of the Taiwan Power Co., Wednesday. Utaiba arrived Tuesday with his wife and a party of five for a week-long visit. Utaiba exchanged views with Chinese government officials on a program for the operation and maintenance of a power plant and a power transmission system in the Al Baha District of Saudi Arabia with the assistance of technicians from Taiwan after its completion next April. A cooperation contract is scheduled to be signed before he leaves for home Monday, an informed source said. [Text] [Taipei CNA in English 1422 GMT 4 Jul 79 OW]

SOUTH AFRICAN MINISTER--Taipei, 4 July--Premier Sun Yun-suan Wednesday afternoon received Alwyn Louis Schlebusch, Minister of the Interior and Justice of South Africa, Mr Schlebusch and his personal secretary L. D. Van Stade, at the Executive Yuan. The South African visitors were accompanied by Vice Foreign Minister H. K. Yang and South African Ambassador Willem Pretorius and his wife. [Text] [Taipei CNA in English 1356 GMT 4 Jul 79 OW]

NEW SECURITY COUNCIL OFFICIAL--Taipei, 2 July--Shen Chang-huan, newly appointed secretary-general of the National Security Council of the presidential office, Monday assumed his post. Shen succeeds Huang Hsiao-ku, who has been reappointed president of the judicial Yuan. A changeover ceremony was held with Chen Li-fu, Senior Advisor to the President, presiding. Many high ranking government officials, including Premier Sun Yun-suan, Foreign Ministers Y. S. Tsiang and Ma Chi-chuang, Secretary-General of the National Assembly, witnessed the ceremony. [Text] [Taipei CNA in English 1400 GMT 2 Jul 79 OW]

BIRTH RATE TARGET--Taipei, 4 July--The Population Policy Committee of the Ministry of Interior Tuesday set the target of birth rate at 1.1 percent, a decrease of 0.5 percent compared with the present birth rate, which is 1.6 percent. The committee met Tuesday to discuss measures to achieve the goal. One of the recommendations being considered is the initiation of tax measures to discourage fecundity. The committee expressed its support for the proposed legislation aimed at improving the quality of the population. Another topic discussed yesterday is the distribution of population. Since the population of Taiwan is concentrated on the northern and southern ends, it is suggested that new towns and communities be developed in Eastern and Central Taiwan to attract new settlers from the crowded districts. [Text] [Taipei CNA in English 0940 GMT 4 Jul 79 OW]

FUEL COAL IMPORTS--Taipei, 3 July--Import of fuel coal by the Taiwan Power Co., are expected to reach 16 million metric tons by 1988 after completion of two piers exclusively designed for unloading imported coal, a spokesman of the Taipower said Monday. The two coal piers will be constructed at the Talin Plant in Kaohsiung and at Taichung Harbor. The Talin Coal Pier is expected to be completed in 1982, the spokesman said. According to the spokesman, coal stockpiles, including coal imported from South Africa and Australia and that mined locally, are sufficient for supply for the next two years. Taipower will also send procurement missions to the United States and Canada to import more fuel coal to help diversify the sources of supply. The spokesman said that Taipower is able to conserve an average of 140 million liters of fuel oil annually by using coal for power generation. [Text] [Taipei CNA in English 0305 GMT 3 Jul 79 OW]

NUCLEAR POWER GENERATION--Taipei, 4 July--The installed capacity of nuclear power plants in Taiwan will reach 6,720,000 kilowatts by 1989, almost equal to the current total installed capacity, an official of the Taiwan Power Co. said Wednesday. He said three nuclear power plants of Taipower are scheduled to be completed by 1989, after which one nuclear power-generating unit will be added to Taipower's power-generating system each year. It is expected that there will be 20 nuclear power-generating units in Taiwan by 1999, he added. [Text] [Taipei CNA in English 1357 GMT 4 Jul 79 OW]

MILITARY SPOKESMAN APPOINTMENT--Taipei, 30 June--Adm. Soong Chang-chih, chief of the General Staff, Friday appointed Col. Chen Kan-wei, director of the National Defense Language Center and concurrently Chairman of the Department of Foreign Languages of the College of Political Warfare, as Director of the Information Office of the Ministry of National Defense. Col. Chen succeeds Maj. Gen. Wang Yeh-kai, who has been appointed as director of the Department of Political Warfare of the Military Academy at Fengshan in Kaohsiung County. Chen, 49, a native of Canton, received a doctorate in education from Brigham Young University in Utah. He was once Deputy Director of the Information office of the Ministry of National Defense. [Text] [Taipei CNA in English 0244 GMT 30 Jun 79 OW]

OFFICIALS TAKE OATH--Taipei, 29 June--President Chiang Ching-kuo Friday presided over an oath-taking ceremony for six newly appointed senior government officials at the auditorium of the presidential office. The six were Huang Shao-ku, Hung Shou-nan, and Fan Kuei-shu, president, vice president, and secretary-general of the judicial Yuan; Shen Chang-huan, secretary-general of National Security Council; Ding Mou-shih, secretary-general of National Security Council; Ding Mou-shih, ambassador to South Korea; and Wang Yu-yun, mayor of Kaohsiung Special Municipality. The ceremony was held at a monthly meeting in memory of Dr Sun Yat-sen, founding father of the Republic of China with the participation of more than 300 officials. [Text] [Taipei CNA in English 1346 GMT 29 Jun 79 OW]

MUNICIPALITY CEREMONY--Keopsiung, 2 July--Kaohsiung City Sunday became the second special municipality in Taiwan and the 14th of the Republic of China. A special municipality is under the direct jurisdiction of the executive Yuan (cabinet). The other special municipality in Taiwan is Taipei City. Premier Y. S. Sun presided over a ceremony marking the port city's elevation of status, held at the Kaohsiung City Hall. At the ceremony the premier announced the appointment of Wang Yu-yung, former mayor of Kaohsiung under the provincial government, as mayor of the special municipality. The premier then swore in the newly appointed mayor. With a total population of 1,146,576, the new special municipality comprises 11 administrative districts, covering an area of 152,198 square kilometers, compared with 272.14 square kilometers for Taipei City. However, the Kaohsiung Harbor Bureau will continue to function under the supervision of the Taiwan Provincial Government. [Taipei CNA in English 1348 GMT 1 Jul 79 OW]

RECONSTRUCTION SEMINAR--Taipei, 30 June--The First National Reconstruction Seminar in 1979 will open in Taipei 6 July with 256 Chinese scholars and experts participating, Chu Shao-hwa, Secretary General of the Preparatory Committee for the Seminar, said Friday. He said 158 Chinese scholars and experts will return here from abroad to take part in the seminar, 132 of them from the United States. The participants will take part in seven panel discussions. Topics to be discussed at the seminar will include education, economy and finance, engineering, science and technology, medicine and public health, political and diplomatic affairs, and cultural exchange, he said. The first seminar of similar nature was held in Taipei in 1972. Two seminars will be held this year to help accelerate this nation's reconstruction. The second one will be held in November, Chu added. [Text] [Taipei CNA in English 0243 GMT 30 Jun 79 OW]

KOREAN DELEGATION--Taipei, 28 June--A nine-member delegation of the Democratic Republican Party of South Korea arrived here Wednesday for a four-day visit. The delegation, headed by assemblyman Son Sung-tuk, will call on Chang Pao-shu, Secretary-General of the Kuomintang, Thursday and visit Tzuhu to pay respects to the late president Chiang Kai-shek at this temporary mausoleum. [Text] [Taipei CNA in English 0243 GMT 28 Jun 79 OW]

APPOINTMENTS ANNOUNCED--Taipei, 27 June--The ruling Kuomintang Central Committee Wednesday named H. K. Yang, political vice foreign minister, as ambassador to South Africa, Ding Mou-shih, administrative vice foreign minister, as ambassador to South Korea, and Fan Kuei-shu, political vice justice minister, as secretary-general of the judicial Yuan. These appointments are expected to be confirmed by the cabinet in its weekly meeting Thursday.

[Text] [Taipei CNA in English 1030 GMT 27 Jun 79 OW]

KOREAN AMBASSADOR--Taipei, 28 June--The executive Yuan Thursday approved the combination of Ding Mou-shih, administrative vice foreign minister, as ambassador to the Republic of Korea. Ding will succeed Chu Fu-sung, who is waiting for a new assignment. Ding, 54, a native of Yunnan, graduated from Paris University. He was a reporter of the Central News Agency, ambassador to Rwanda and Zaire, director of the Department of the African Affairs of the Foreign Ministry, and Director-General of the Government Information Office. President Chiang Ching-kuo is expected to promulgate Ding's appointment shortly. [Text] [Taipei CNA in English 1031 GMT 28 Jun 79 OW]

AGRICULTURAL ASSISTANCE--Taipei, 29 June--The government will continue to help farmers increase their income and take measures to accelerate rural reconstruction, Premier Sun Yun-suan said Thursday. He said under the agricultural development program for fiscal 1980, the government will put emphasis on agricultural research, improve the living condition in rural areas, and help farmers increase their income by implementing a well-planned production and marketing program. Premier Sun made the remarks after he visited the Council for Agricultural Development. [Text] [Taipei CNA in English 0230 GMT 29 Jun 79 OW]

EMPLOYMENT POPULATION--Taipei, 27 June--The employment population of the Republic of China will reach 6,713,000 in 1981 with an annual increase of 2.6 percent or 166,000 persons, according to a forecast released Tuesday by the Council for Economic Planning and Development. The number of employees in the industrial sector will increase 112,000 annually during the two-year period. It will account for 41.3 percent of the total employment population in 1981. It represents 39.2 percent of the present total employment population. The employment population in service industries will also increase 77,000 annually, accounting for 36.1 percent of the total employment population in 1981, a slight increase from the present 35.2 percent. The employment population in the agricultural sector is expected to decrease 24,000 each year. At the end of 1981 the agricultural population will account for only 22.6 percent as compared with the present 25.6 percent. The low unemployment rate during the period will be 2.6 percent, the forecast said. [Text] [Taipei CNA in English 0241 GMT 27 Jun 79 OW]

EXPORTS OF GOODS, SERVICES--Taipei, 27 June--The Republic of China's total exports of products and services in the first half of this year are expected to reach NT dollars 292.7 billion (US \$8.13 billion), up 24.48 percent from the same period of last year, according to a report released by the directorate general of budget, accounting, and statistics. The report says the

nation's exports have continued growing since the beginning of the year, while imports have increased at a faster pace than exports. The report estimates the nation's imports of products and services in the first half of this year at NT dollars 278.6 (US \$1.74 million), representing an increase of 35.94 percent over the same period of last year. The nation is expected to enjoy a trade surplus of NT dollars 14.1 billion (US \$391.66 million) in the six-month period, down from the NT dollars 30.2 billion recorded in the like period of last year. [Text] [Taipei CNA in English 0232 GMT 27 Jun 79 OW]

EXPORTS TO JAPAN--Taipei, 27 June (CNA)--The government will take measures to increase exports to Japan to reduce the trade gap between the Republic of China and Japan, trade sources said Tuesday. The sources said that the government will negotiate with Japanese government agencies for tariff concessions under provisions of the recently concluded multinational trade negotiation (MTN). The sources said that government agencies will take measures to promote Sino-Japanese trade. These measures include: --the Taiwan Textile Federation will map out a plan to increase exports of Taiwan-produced textile products to Japan and the TTF is to set up a representative office in Japan; --study and research of consumer goods needed in Japan; --invite more Japanese purchasing missions to Taiwan, and domestic manufacturers will be encouraged to take part in trade fairs in Japan; --domestic manufacturers will be encouraged to accept the Japanese goods for procession in Taiwan for reexport to Japan. [Text] [Taipei CNA in English 0235 GMT 27 Jun 79 OW]

NATURAL GAS EXPLORATION--The Chinese Petroleum Corporation will try more natural gas explorations in Southern Taiwan in an effort to get more gas to meet domestic demands in the face of successive oil price hikes. The corporation has drilled a number of oil wells throughout Taiwan, but only a small amount of gas, representing 8 percent of the nation's total gas consumption, was discovered. [Text] [Taipei International Service in English 0100 GMT 30 Jun 79 OW]

AGRICULTURAL DATA TO PRC--Taipei, 5 Jul (CNA) The Republic of China would be happy to provide Communist China with technical data about agricultural development upon request, the nation's top agricultural official has said. Dr Robert C. T. Lee, chairman of the Council for Agricultural Planning and Development, made the statement in an interview with the vernacular UNITED DAILY NEWS published Thursday. "Our agricultural development has won international recognition," Lee was quoted as saying. "During the past 30 years we have provided many developing nations with our agricultural know-how through the now-defunct joint commission on rural reconstruction." If the Chinese communists decide to copy the Taiwan model in the agricultural modernization, Lee added, "we would be happy to provide them with the necessary technical data on humanitarian considerations, because it would help improve the living condition of our fellow countrymen on the mainland." [Text] [Taipei CNA in English 1000 GMT 5 Jul 79 OW]

FREE TRADE ZONES SET UP--Taipei, 30 June (CNA)--The government will set up free trade zones to facilitate Taiwan's triangular trade, according to informed sources. The sources said the island's major seaports and export processing zones will be chosen as sites for establishment of the free trade districts. They said the idea is to allow traders to import products duty free and store, assemble, and re-package them in the districts, pending exports to overseas markets. The sources said the board of foreign trade is now drafting regulations governing operations of the proposed free trade zones. They said the regulations will be soon submitted to higher government authorities for approval. [Text] [Taipei CNA in English 0949 GMT 30 Jun 79 OW]

KUWAIT INCREASES OIL SUPPLY--Taipei, 3 July (CNA)--The government of Kuwait has expressed willingness to supply the Chinese Petroleum Corp (CPC) with 100,000 barrels of oil per day in 1980, an increase of 20,000 barrels over the present daily level, an official of CPC said Tuesday. CPC's oil contract with Kuwait will expire at the end of 1980. However, the government of Kuwait has agreed to extend the contract, he added. Saudi Arabia may also increase its oil supply, he mentioned. The CPC official also disclosed that the company has received notices of oil price hikes for Saudi Arabia and Kuwait [words indistinct] oil price by 24 percent to \$18 per barrel, effective 1 July. Kuwait has raised its oil price by 18.8 percent or \$19.49 per barrel, retroactive to 1 June. [Text] [Taipei CNA in English 1431 GMT 3 Jul 79 OW]

PETROLEUM PRICES READJUSTED--Taipei, 5 July (CNA)--The Chinese Petroleum Corp, Wednesday readjusted the prices of 22 petrochemical products in the wake of international oil price hikes. Items to be affected range from fuel oil for power generation to poly-grade ethylene, with prices increased to NT \$4,100 (US \$ 114) per kiloliter and NT \$ 22 (US \$ 0.61) per kilogram, respectively. The price readjustments also cover fuel oil for airplanes, benzene, toluene, [as received] ethane and cyclohexane. The new prices are retroactive to 1 July. [Text] [Taipei CNA in English 0301 GMT 5 Jul 79 OW]

TIME CHANGE EFFECTIVE 1 JULY--President Chiang Ching-kuo approved a daylight saving time to begin from July 1st. The schedule of this broadcast, however, will not be affected. It was reported that the executive Yuan has notified all government institutions, military units and social authorities of the new daylight saving time decision. The policy is designed to utilize solar energy in the summer in an effort to save the nation's energy consumption in coping with the worldwide energy crisis. The Taiwan Power Company is expected to save more than 40 million kilowatt hours of electricity each month after the new time is put into effect. [Text] [Taipei International Service in English 0100 GMT 30 Jun 79 OW]

CSO: 4220

THAIS POSE AS LAO REFUGEES, HOPE TO RESETTLE IN THIRD COUNTRIES

Bangkok BAN MUANG in Thai 10 Jun 79 pp 1, 16

[Text] Quick-witted Thais are forging evidence showing that they are simply Lao nationals seeking refuge in camps to await resettlement in third countries. Immigration officials and the [Thai] embassy have studied [this]. It is reported that the provincial governor has asked permission to detain [the refugees]. Several thousand such cases have been discovered.

BAN MUANG reporters in Nong Khai reported yesterday (9 Jun) that on 8 Jun, an Immigration official, Pol Capt Montri Sutham and his colleagues investigated Mrs Buakeo Buachan, 34, of house number 140, Village #5, Unchan Sub-district, Kumphawapi District, Udon Thani Province and her children: Khar on 14, Somphon 11, Sonon 10, Maniwon 7, Bang-on 5 and Nirandon 2 on the grounds that they had received a report from the Thai Embassy in Vientiane, Laos that this Thai family had requested permission to return to their homeland after having lived in Laos for 14 years. Mrs Buakeo and children were to be returned with Lao refugees.

In transit to the Thai side, it appears that Mrs Buakeo Buachan and her family changed their family name to "Phannok" and the documentation showing their Lao nationality was suspiciously dissimilar to that which the Thai Embassy in Vientiane had given them. Subsequently, the Immigration Department sent them to Pol Capt Koson Yakhasem, the duty officer at the Nong Khai District police station for investigation and a further examination of the motives of this family.

At the same time a complete report was made to the provincial governor with a request to detain for investigation this Thai family who had forged the documents. After the governor had received the report, he ordered the officials to closely watch their movement.

Reporters stated that the aforementioned incident was revealed by Pol Capt Montri Sutham, the chief of the Immigration unit who said that at this time there are Thai citizens falsely changing their nationality to Lao and entering refugee camps. Before they do this, they flee the country and re-enter it with forged documents already prepared in order to satisfy their desire to go to

THAIS RETURN FROM CPT COMMUNES IN KAMPUCHEA

Kuala Lumpur BUSINESS TIMES in English 1 May 79 p 17

[Article by Wirasak Salayakanond in Ta Phraya]

[Text]

LAST in the winter of thousands of Cambodians who fled into Thailand during the war that toppled the Pol Pot regime last January was another group of refugees. These were the Thais — men, women, and children — who worked and lived in communes run by the Communist Party of Thailand (CPT) in neighbouring Cambodia.

The homecoming of these Thais from across the border has given officials a glimpse into the kind of life in the CPT communes. But more importantly, they confirm what Bangkok has been saying all along, that the outlawed CPT had established bases in neighbouring countries friendly to its cause.

Sahai Nok (Comrade Nok), a farmer's wife, is a case in point. She was with a group of 30 Thais who braved the booby-trapped Thai-Cambodian border and arrived in this border town of Prachin Buri province, Northeast Thailand, last January. Her group consisted of 11 adults, six women and five men and 19 children, the youngest of whom was only seven months old.

Most of the children either had their heads shaved or sported crew-

cuts; their parents wore the "standard" CPT uniform — black cotton shirts and pants or sarong. Each carried their personal belongings in small cotton sacks, with their names embroidered on them.

Sahai Nok arrived in Ta Phraya less than a year after she claimed she and other villagers were "forced" by the CPT to join their commune from Laharnai district in Buriram province, Northeast Thailand. She brought with her her 13-year-old daughter.

"I was also pregnant at that time and I later gave birth to this child," pointing to a seven-month-old baby on her lap. She said her husband was away when she left Laharnai.

"I missed my husband, but they (CPT) told me to be patient because they would also ask him to join our commune." Her husband never did.

According to Captain Phonn Charoenphol, Ta Phraya district officer, the villagers were recruited by Orangkarn Siam, a CPT branch manned mostly by Thai radical students who fled Thailand and joined the CPT after the military coup on Oct. 6, 1976.

Sahai Nok and 400 other Thai villagers were assigned to the "March 8 commune" located inside Cambodia and about a day's walk from Ta Phraya. The commune, Thai military authorities said, was basically a production and indoctrination centre where CPT members were trained in guerilla warfare and taught Maoist doctrines.

From these communes, Thai rebels entered Thailand to "educate" villagers or stage ambushes of Government troops. Orangkarn Siam, also known as CPT's Command 303, had under its jurisdiction seven provinces of Northeast Thailand — Ubon Ratchathani, Sisaket, Surin, Buriram, Roi-et, Nakhon Ratchasima and Prachinburi.

Sahai Nok and the other adults were assigned to the March 8 commune production unit and charged with raising rice, vegetables, pigs and cattle. The CPT decided to establish its own food production bases to minimise dependence on villagers, especially in Northeast Thailand, said the Thai military.

Half of the commune residents, she said, were children whose educa-

tion was handled by a team of Orangkarn Siam members. Children were taught how to read and write, aside from basic instruction of Maoist doctrines. Adult commune members were also required to learn Marxist and Maoist lessons at least once a month. They devoted the rest of their time to food production.

There was also a clinic at the March 8 commune, manned by former medical and nursing students from Bangkok. The insurgents employed acupuncture as a basic medical treatment for the residents. However, they also had modern drugs and medicine for the more serious medical cases.

"There was no religion at the commune. Anyone found to have Buddha amulets was told to throw them away," said Sahai Ti, a 63-year-old farmer's wife.

Sahai Nok said they first had an inkling of the Vietnamese-led invasion when Khmer Rouge soldiers warned them that Cambodian rebels would soon take over the commune. "The Khmer Rouge soldiers told us that the Vietnamese would come and take our teenage girls," Sahai Ti said. (Dordham)

PRO-HANOI FACTION GAINING GROUND IN CPT

Kuala Lumpur BUSINESS TIMES in English 9 May 79 p 6

[Text]

THE MAOIST Communist Party of Thailand (CPT) is finding it hard to function in a new situation created by Hanoi's takeover of Cambodia and the Chinese invasion of Vietnam.

The split within the CPT has widened with the pro-Hanoi faction gaining ground. Thai military sources believe that there have been heated debates within the CPT as to whom to back — Peking or Hanoi — and tensions have arisen between the CPT and the Indo-Chinese parties.

The weekly *Thai Nikorn* reported that in December Hanoi asked the CPT to withdraw its Hanoi-based representatives from the country. A month later Laos asked CPT to move its 21 camps situated on the Laotian side of Thai-Lao border.

The rift between the Indo-China parties and CPT has caught most analysts off guard, because it was the consensus earlier that Hanoi

had been wooing the CPT.

While the pro-China Burmese and Malayan Communist Parties have sided with the deposed Pol Pot regime in denouncing Hanoi's takeover of Cambodia, the CPT has maintained a neutral stance in its public statements.

Except for a brief news report on Phnom Penh's economic construction which was aired by the China-based radio station of the CPT shortly before the collapse of the city the Thai communists have not mentioned the Hanoi-Cambodian conflict.

But Thai government sources now believe that from the experience with the Pol Pot regime, the Vietnamese must have concluded that they cannot trust any Peking-inspired communist movement in the region. And the CPT has not shown any clear anti-Peking bias. The influence of ongoing China-Vietnam conflict on the CPT is still being assessed by analysts.

While the influx of ur-

ban intellectuals into the jungle hideouts following the 1976 coup in Thailand strengthened the CPT, it also brought in groups with differing views into the fold. There have been signs that newcomers and the old guard in the CPT are split over issues ranging from the political line of the party, the military strategy to foreign policies.

Debates whether the CPT had overcommitted itself to Peking in openly denouncing the Soviet Union as "social imperialist" or whether the party should have opted for a quick military solution with foreign communist backing — both Vietnamese and Soviet — instead of relying on slow moving Maoist theory of people's war are believed to have widened the rift.

The differences can be seen on the ground too. CPT's military actions in recent months have been highly bold in some areas whereas in other parts of Thailand, there has been little activity, except political organisation.

In some parts of northern Thailand, the CPT forces have indulged in te lists after the guests have gone.

The artists come a few dozen at a time and stay for a few months at a time. They apply, are screened by an admissions group, and pay according to a sliding

scale which allows struggling writers to work as

Differences based along racial lines are also apparent in the CPT. According to the recently published history of the party, the CPT at its inception contained a large number of ethnic-Vietnamese and ethnic-Chinese residents of Thailand.

However, in the early period, the native Thais maintained control of the party. However, after the secretary general of the party, Mr Tong Chamsee, was executed in the late 1950s by the government, the pro-Peking and ethnic Chinese faction is believed to have gained ascendancy.

The ethnic Vietnamese who lost out are good objects of wooing by Hanoi.

It is possible that Hanoi and Laos may be backing these socialists and the dissident CPT members to form another Thai Communist Party. The case of Cambodian dissidents backed by Hanoi throughout last year is significant in this regard.

According to some confirmed reports, the Laotians have recently set up a party school on the Lao-Thai border to train the dissidents. A number of Thais who had previously lived in Russia are known to be involved in this project.

— *Depthnews Special*

OPPOSITION PARTIES CALL FOR REVOCATION OF ARTICLE 22

Human Rights Aspect Noted

Bangkok SIAM RAT in Thai 1 Jun 79 pp 1, 12

[Text] Three opposition parties: the Social Action Party, Thai Nation Party and the Democrats have submitted a bill to abolish the National Administrative Reform Council's Order No 22 on the grounds that it is a law which conflicts with human rights, is an amendment to the constitution and opens the way for officials to oppress the people.

Mr Marut Bunnak, secretary of the Democrat Party told SIAM RAT that he had been ordered by his party to draft a bill to abolish Order No 22 of the Reform Council and following that, to submit it to a party central committee meeting on the 6th of this month.

Mr Marut stated that the law on social dangers had its origin in Articles 21 and 42 of the Revolutionary Council of Field Marshal Sarit Thanarat which a number of legislators had unsuccessfully submitted a bill to abolish. In the 1976 national administrative reform, the law was used again and greatly reinforced to bring additional charges against suspected communists.

"The reason we are seeking its revocation is that this law conflicts with constitutional articles and human rights. It is inappropriate that it should exist in a country governed by a democratic regime."

The Social Action Party's draft legislation gave as the reason for revocation that the law conflicts with democratic principles and that the present constitution does not allow the accused to prove his innocence and opens the way for those in power to use it as an easy tool for oppression of people and for corruption.

The Social Action Party's draft proposal for the revocation of this law has a total of five articles, the gist of which in Article 3 states that "Article 22 of the National Administrative Reform Council dated 13 October 1976 should be revoked" and Article 4 which states "Persons detained by

order of Article 22 of the National Administrative Reform Council dated 13 October 1976 should be released from detention effective with the date of promulgation of this law."

The Thai Nation Party gave as its reason that the head of the Administrative Reform Council intended to suppress certain persons with influence or so-called individuals dangerous to society who conducted themselves in such a way as to disturb peace and public order or other actions which would harm the economy or national security. At the time those types of behavior did occur, but presently things are calm. There have been elections and there is a constitutional, democratic administration and it is appropriate to permit physical freedom for individuals. Detention or investigation of individuals should be done in accordance with the law and this order should be revoked.

Editorial Supports Revocation

Bangkok SIAM RAT in Thai 2 Jun 79 p 5

[Editorial: "Revocation of Article 22 Suggested"]

[Text] Three political groups: Social Action, Democrats and Thai Nation [parties] in their moves to revoke "Order No 22 of the National Administrative Reform Council (Article 22) are each preparing draft legislation for the revocation of this law. It is appropriate to give these efforts great support.

"Order No 22 of the National Administrative Reform Council" has significant provisions to eliminate social dangers, especially by describing the many characteristics of individuals who exhibit behavior that is dangerous to society. This runs the gamut from individuals who threaten and bully others, vagrants who make their living in such a way as to conflict with social order, those who carry weapons, ammunition or explosives illegally, those who create chaos, using or supporting people to create disorder in the nation, or any action which makes people follow or believe in forms of government that are undemocratic without the King as leader; making a living through the establishment of an illegal gambling operation, house of prostitution, organizing sweepstakes, hoarding for commercial profit, and [organizing] illegal strikes.

It seems that "Order 22 of the National Administrative Reform Council gives too much authority to officials in dealing with individuals labelled as "dangerous to society."

This is especially so in cases of detentions of indefinite duration to be evaluated by committees whose duty it is to consider the cases every two months and decide whether or not to continue detention without trial. It is felt that this is very much in conflict with human rights because it denies the detainee a chance to appear in open court.

According to the facts known to us, this law has provided opportunities for gross abuse by officials. In some cases there have been arrests of upstanding citizens for purposes of extortion as happened during the Sanya Thammasak administration in the south. There was also the release of over 200 defendants from the occupational training and vocational institute at Lad Bua Khao in Nakhon Ratchasima when the case was disclosed by the newspapers. However, from that time on, there have been no further releases and it is known that at this time there are ten thousand other defendants charged as being dangerous to society.

Therefore, this is an appropriate moment to abolish this law and it will do us no harm in that we have enough other criminal codes protecting us against dangers to society.

CSO: 4207

BURMESE OBSERVE THAI FOREST PRODUCTION, TRADE DISCUSSED

Bangkok SIAM RAT BUSINESS WEEKLY in Thai 4-10 Jun 79 pp 1, 4

[Text] Mr Annuay Khowanit, the director of the Organization of Forest Industry gave an interview to SIAM RAT BUSINESS WEEKLY. He said that from 14 to 28 May, Burma sent Mr U Lu Seng, the director of the Forestry Organization, director of logging and manager of Burma National Sawmill to observe logging activities and the industries of the Thai forestry organizations in order to correct and upgrade conditions to meet Thai standards. This observation trip is to study all types of logging operations of the various organizations such as making plywood, fiberboard and including sawmill operations and industrial forest plantations which make use of wood scraps.

The director stated that Burma's industry does not yet meet standards because of out-of-date machinery. An example of this is finished wood products which still bear saw marks which indicate that the saw is sticking. If the sawmill machinery is brought up to standard, it would favorably influence their exports of wood to foreign markets. Moreover, their use of logs is wasteful. They use only 3 meters of each log cut, whereas we use 8 meters. This demonstrates that our use of wood and tools is much more efficient.

Mr Annuay said that this is a good opportunity for them to study Thailand's lumber operations and he inquired about our purchasing 40,000 tons of logs valued at approximately 60 million baht. Burma's response was slow in coming. The reason given was the Thai purchases of wood at this time were so large, and it is necessary for them to discuss the matter once again. It is thought that they will try to greatly speed up the process.

CSO: 4207

THAILAND

SOUTH HIT BY ELECTRICITY CRISIS

Bangkok SIAM RAT in Thai 29 May 79 pp 1, 12

[Text] The south has been hit by an electricity crisis that has knocked out electric power in over half of each city from Chumphon on south, severely affecting the economy. The reason for this is that the fuel distribution organizations have not provided enough fuel and have distributed substandard fuels which have knocked out six of the seven generators. TV Channel 10 in Hat Yai has had to use its own generator.

Since 24 May the southern provinces from Chumphon on down have experienced irregular electric current.

The characteristics of this can be demonstrated in Phuket where parts have electricity while other parts are without it, alternating with each other. At night it can be seen clearly that about half of the city is without electricity and it is like this in all of those provinces. News reports state that this has greatly affected the economy in the southern provinces, especially in industrial plants which must use electricity and the tourist industry. Channel 10 TV in Hat Yai has had to use its own generator.

SIAM RAT reports from the south reveal this is due to EGAT's [Electrical Generating Authority of Thailand] having received insufficient quantities of heating and diesel oil for the generation of electricity from fuel organizations since 24 May. Aside from this the oil that was delivered was of poor quality and this caused six of the seven gas turbine electrical generators to break down. Five of them have been repaired and the one remaining unit is under repair.

The reports state that the important sources of electrical power in the south are the gas turbine and diesel machinery in Surat Thani, Phuket, Nakhon Srithammarat and in Hat Yai District of Songkhla Province. There is an additional location in Krabi Province which uses lignite. However, this crisis has also affected Krabi because it must use its power to help other locations.

In Surat Thani, three gas turbine generators which formerly received over 200,000 liters of oil per day are now getting just over 100,000 liters per day.

Hat Yai had been getting over 300,000 liters per day and is now getting 200,000 liters. Reports state that according to EGAT calculations, the southern population will require approximately a 30 percent increase in electricity usage. The occurrence of this crisis has had serious effects and it is now known how long this condition will continue, because an improvement rests with the fuel organizations and the truth of the matter has been revealed in that EGAT sent a note on 11 April warning the fuel organizations to improve the quality of the fuel. The problem remains unsolved.

CSO: 4207

THAILAND

BRIEFS

NORTHERN LAND DEVELOPMENT--The Land Development Office will invest over 300 million baht to develop the northern region. Reports from the Land Development Department indicate that the World Bank has agreed to let the Department borrow 270 million baht to develop and improve land in the rural areas of the northern region which will also help farmers in seven provinces: Chiang Mai, Chiang Rai, Lampang, Lamphun, Phrae, Nan and Phayao. The entire sum loaned by the World Bank will be interest-free and will be repayable over a 50-year term, after the first 10 years. Reports indicated that in June agreements will be signed concerning this loan. Approximately 3 months later, the monies from the loan may be used in line with the program's goals which state that in 5 years development will be accelerated on 180,000 rai of northern land, as planned by the Land Development Department at the rate of 10,000 rai per year. Aside from this the Australian government will provide both equipment and technical experts to advise on various matters. The value of this over a period of 4 years is approximately 35 million baht. These two aid projects will allow the development and upgrading of land so as to increase production to double the present level. The Land Development Department will also plant fast-growing trees to assist the people. [Text] [Bangkok SIAM RAT in Thai 24 May 79 p 2]

ALCOHOL-FUEL MIXTURE--The National Research Council's administrative committee is satisfied with the results of experiments using fuels mixed with alcohol which is produced from sugar residue. It produces a higher octane than benzine and reduces poisonous exhaust gasses. Reports from the committee's headquarters indicate that studies and experiments have been made concerning the use of alcohol produced from sugar residue in motor vehicle fuels which will conserve oil. The experiments and studies have been concluded and the data is very satisfactory. The subcommittee responsible for this activity has reported the results of the studies to the administrative committee for its consideration. The subcommittee divided its tasks into three parts: experiments in the use of fuel mixed with alcohol in stationary engines, experiments with mobile machinery and experiments with new engines to pump water. The reports further state that the administrative committee has considered the experimental data and is satisfied with the results and agreed to forward them to the government for policy considerations and to decide whether or not to carry out production of this fuel for commercial and industrial use. [Text] [Bangkok SIAM RAT in Thai 24 May 79 p 3]

FORESTRY DEVELOPMENT--Reports from the Forestry Department of the Ministry of Agriculture and Cooperatives state that a working group of officials concerned with forestry from the World Bank headed by Mr F. (Semyors) have come to examine data and study facts concerning Thailand's forests in line with a World Bank project, which will provide financial and personnel assistance. They have completed a report on their findings for the World Bank. It recommends assistance to Thailand in this sphere in the form of four large-scale, long-range programs. They are: a project to develop water sources and streams by afforestation to improve water sources [sic] and to establish villages for mountain tribesmen, a project to establish forestry villages to provide basic livelihoods for the people, a project to plant fast-growing trees and fast-maturing firewood and a project to increase the capabilities of the Forestry Department, the responsible government agency in this sphere. These aforementioned projects have been approved by the Forestry Department. [Text] [Bangkok SIAM RAT in Thai 2 Jun 79 p 3]

USE OF WIND POWER--Mr Samit Khamphermphun, acting governor of the National Institute of Science and Technology, has reported on studies to substitute wind power for oil. He said that surveys have been made concerning the characteristics of wind power in the country and on what types of windmill models should be made in accordance with the wind currents in each area. The survey emphasized the use of wind power in the pumping of water and the pumping of water from underground to replace the use of fuel oil. The research on wind power is aimed at improving the design of windmills presently in use for more efficient use of wind power and water pumping. The companies producing windmills have cooperated in the production of improved windmills for sale to consumers. At this time, studies and preparations have made great progress. It is thought that in the next 7 or 8 months the new, improved windmills will be on the market. [Text] [Bangkok SIAM RAT in Thai 28 May 79 pp 1,12]

OIL PRICE SUPPORTS--News sources close to oil circles state that since the approval for oil refinery price increases approximately 3 to 4 months ago, the government has had to spend 350 million baht per month to assist fuel distributors and retailers in order to prevent retail price increases to the public. Those close to oil circles say it is fortunate that this money is spent to help the oil companies because at this time oil is being provided by China at a friendly price. The future problem will be that the oil agreement with China is up for renewal this month. [Text] [Bangkok SIAM RAT in Thai 5 Jun 79 p 2]

PRC PORK--There have been complaints from Thai pork exporters that Thai pork markets in Hong Kong are facing competition from Chinese pork. Mr Thim Phansiri, deputy director of the Livestock Department, who recently returned from a trip to observe hog raising in China while representing the Thai government, told reports that China has agreed to decrease the amount of pork it sells to Hong Kong markets saying that China does not wish to compete with Thai products and that Hong Kong officials would be happy to import pork from Thailand as before after having been dissatisfied

with the quality of Thai pork previously sold. Mr Thim stated that the reasons Hong Kong had been dissatisfied with the quality of Thai pork is that Hong Kong has only five officials who inspect the quality of imported pork. They could not keep up with the work and that may have been the reason why the Thai pork spoiled. Subsequently, Hong Kong has begun to be very satisfied with the quality of Thai pork. [Text] [Bangkok SIAM RAT in Thai 11 Jun 79 p 2]

PRC CRUDE OIL--Chinese crude oil will rise in price, but high-speed diesel oil will remain the same. Mr Danai Dulalampha, deputy director of the Foreign Trade Department, told newsmen that because China has recently announced an oil price increase, the crude oil ordered by Thailand from China must be adjusted in price. The deputy director of the Foreign Trade Department stated that crude oil sold to Thailand in accordance with the agreement was to be sent in four shipments, two of which have already been sent. Therefore the third and fourth shipments must be at the new price announced by China. Recently the fuel organizations in their government-mandated capacity will travel to China to negotiate the prices of the remaining shipments. [Text] [Bangkok SIAM RAT in Thai 11 Jun 79 p 2]

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